

# United States Department of the Air Force

**MAJCOMname**

**Air Force Center for  
Environmental Excellence  
(AFCEE)**



**Privatization of Military Family Housing**

**Basename** Air Force Base

Solicitation No. AFCEE-FY-XXXX

## REQUEST FOR PROPOSAL

**STEP ONE PROPOSALS ARE DUE NO LATER THAN  
5:00 P.M. EST Proposalduedate AT:**

PSCNAME

PSCaddress

PSCcity

Voice: PSCphone Fax: PSCfax

Email: PSCemail

Web site: PSCwebsite

### *Key*

The following shows the meaning of each of the different text and highlight colors used throughout the document and the appendices:

<u>Text or highlight color</u>	<u>Description</u>
Grey-highlighted text	Sections and/or text not to be changed without Government approval.
[Red font text]	General instructions to the RFP editor or generic character fields that must be replaced with project-specific information
Black font text	Standard text that may be replaced with project-specific information, if necessary
Red-highlighted text	Sections and/or text that is pending review
Turquoise-highlighted text	Sections and/or text that demand a cross-check for the most current reference and/or Internet address
Yellow-highlighted text	Specific sectional notes and/or directions that are provided as comments throughout the document

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## SECTION 1.0 EXECUTIVE SUMMARY

### 1.1 AUTHORITY

Pursuant to The National Defense Authorization Act for Fiscal Year (FY) 1996, Public Law (P.L.) 104-106, Title XXVIII, Subtitle A-Military Housing Privatization Initiative (MHPI) (codified at 10 United States Code (U.S.C.) Sections 2871-2885 as amended), the Department of the Air Force is soliciting proposals from qualified entities interested in entering into a business arrangement with the Government.

The Air Force has determined that the legislative authorities listed below will not be used in this transaction.

- Differential Lease Payments (codified at 10 U.S.C. Section 2877 as amended)
- Investments (codified at 10 U.S.C. Section 2875 as amended)

All authorities can be accessed at the following Web site:

<http://www.defenselink.mil/acq/installation/hrso/la.htm>

### 1.2 HOUSING GOAL

The goal of the Basename Air Force Base (AFB) privatization initiative is to provide its military families access to safe, secure, quality, affordable, well-maintained housing in a military community where they choose to live.

Privatization will accelerate housing improvements, alleviate housing shortages, and reduce waiting times for adequate housing, ultimately improving morale of Air Force personnel. Since traditional Military Construction (MILCON) funds are unavailable to meet this goal in a timely manner, Government officials have determined that the best solution is to use privatization to leverage available resources.

### 1.3 PROJECT SUMMARY

#### 1.3.1 Project Concept

The project involves a non-Federal Acquisition Regulation (FAR) real estate transaction with the Successful Offeror (SO) under which the Government will convey Convey# existing housing units and certain associated improvements, and lease approximately XXX acres of land divided among Parcelnumber parcels including Parcel A, Parcel B, and Parcel C. The SO shall obtain necessary construction and permanent financing; provide required equity; and plan, design, develop, renovate, demolish, construct, own, operate, maintain, and manage a rental housing development, including all paving and drainage, as well as any utilities conveyed to or constructed by the Offeror, for a minimum of Scope# military families for 50 years.

The Scope# required housing units are referred to as the "privatized units." The privatized units shall consist of the XXX existing units located in Parcel A, the XXX units located in Parcel B, and the XXX units located in Parcel C [add reference to New Land Units if applicable], as described in Section 2.0, Existing Conditions. All privatized units shall be designated for occupancy by pay grade, and Referral Rent shall not exceed the Basic Allowance for Housing (BAH) at the dependent rate for the designated military pay grade, minus an amount sufficient to cover 110% of average estimated utility charges. The SO will be paid rent directly from the military members by allotment retroactively, one month in arrears.

**1.3.1.1 Housing Conveyed**

At the closing of the transaction, the Government will convey its interest in **Convey#** family housing units constructed in various phases since 19XX. The homes are located in different neighborhoods. **Parcel A** and **Parcel B** are located on the main base, while **Parcel C** is geographically separated from the main base, as indicated on the General Concept Map (Appendix C). Table 1 below provides a list of the base neighborhoods, the number of existing units to be conveyed to the SO and final disposition of the existing units.

With respect to historical units, the conveyance shall be subject to the restrictions imposed by the base historical preservation plan. [Verify the appropriate agency.]

**Table 1 – Disposition of Existing Housing Areas**

EXISTING HOUSING AREA	NUMBER OF UNITS	YEARS BUILT	DISPOSITION
Parcel A	XXX	19XX-XX	Demolish XXX Renovate XXX Construct XXX
Parcel B	XXX	19XX-XX	Demolish XXX Renovate XXX Construct XXX
Parcel C	XXX	19XX-XX	Demolish XXX Renovate XXX Construct XXX
<b>TOTAL</b>	<b>XXX</b>		<b>Demolish XXX</b> <b>Renovate XXX</b> <b>Construct XXX</b>

**1.3.1.2 Leased Land**

At the closing of the transaction, the Government will lease approximately XXX acres of improved land to the SO. Upon successful completion of demolition and the project construction to the satisfaction of other conditions set forth in this Solicitation and in the controlling documents, XXX parcels containing approximately XXX acres will be returned to the Government and the lease of those parcels will be terminated. One parcel containing approximately XXX acres will continue to be leased by the Government to the SO for up to ten years beyond the transition period. Reference the following table:



**Table 2 – Size and Disposition of Land Areas**

LAND AREA	APPROXIMATE ACRES	DISPOSITION
Parcel A	XXX	Continue out-Lease (50 years)
Parcel B	XXX	Continue out-Lease (50 years)
Parcel C	XXX	Continue out-Lease (50 years)
TOTAL	XXX	

**1.3.1.3 New Land**

At the closing of the transaction the Successful Offeror will provide XXX acres of land for the construction of privatized housing units. The SO shall construct XXX units within XX years of the closing of the transaction. [Delete if the SO is not required to provide New Land.]

**1.3.1.4 Construction of Privatized Units and Other Improvements**

The project requires the construction and Government acceptance and occupancy of XXX new units within XX years of the closing of the transaction, the renovation and Government acceptance and occupancy of XXX units within XX years of closing of the transaction, and the demolition of XXX existing units within XX years of the closing of the transaction. The new units will consist of a mixture of three- and four-bedroom, single-family units and two-, three-, and four-bedroom multiplex units. Most if not all of the new units will be sited on Parcel B. A limited number of the newly constructed units may be sited on Parcel C. Other required improvements to be renovated or constructed by the SO are identified in Section 3.0.

**1.3.1.5 Project Development Demographics**

The chart below, arranged by military pay grade, reflects the anticipated demand for housing for the development. Project requirements in Section 3.0 are based on these demographics. The SO shall demonstrate in its proposal how to satisfy this demand.

**Table 3 – Project Development Demographics**

	<b>2 BEDROOM UNITS</b>	<b>3 BEDROOM UNITS</b>	<b>4 BEDROOM UNITS</b>
O-7 to O-10 (General Officer)	XXX	XXX	XXX
O-6 (Senior Officer)	XXX	XXX	XXX
O-5	XXX	XXX	XXX
O-4	XXX	XXX	XXX
O-3	XXX	XXX	XXX
O-2	XXX	XXX	XXX
O-1	XXX	XXX	XXX
E-9	XXX	XXX	XXX
E-8	XXX	XXX	XXX
E-7	XXX	XXX	XXX
E-6	XXX	XXX	XXX
E-5	XXX	XXX	XXX
E-4	XXX	XXX	XXX
E-3	XXX	XXX	XXX
E-2	XXX	XXX	XXX
E-1	XXX	XXX	XXX
<b>TOTAL</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>

**1.3.1.6 Operation of Housing Pending Designation and Completion of XXX Units**

The SO will be required to operate and maintain all existing units in habitable condition until, if applicable, the units are demolished in accordance with the approved Transition Plan. At the closing of the transaction, all conveyed, occupied units shall have their rents set no higher than the BAH rate of the current occupant, which includes utilities. Vacant units shall have a rent structure established by the SO, but will not exceed the BAH of any referred accompanied military member. This will allow the SO some flexibility in keeping units occupied while meeting the Project Development Demographics. Also during the transition period, the SO should offer excess units (above the XXX minimum), to military members at their respective BAH rate. In addition, all conveyed units, including Parcel A/B/C housing, must be made available to Referral Tenants exclusively during the transition period. Within one year from the closing of the transaction, the SO must install individual electric and natural gas meters on the XXX Parcel A/B/C units. Once those meters are installed, the SO shall establish a fixed rent for those units established at an amount not to exceed the BAH rate minus an amount sufficient to cover 110% of estimated average reasonable utility charges at the dependent rate of the military grade that the unit is designated for, in accordance with the Project Development Demographics. All newly constructed units shall also

have individual electric and natural gas meters installed prior to occupancy and have their rent established in the same manner. Until the Parcel A/B/C units are metered, and for all units that are to be demolished, rents will also include natural gas and electricity. Rents will be fixed by unit type and shall not exceed the BAH with dependent rate of the military grade for which the particular unit was designated. After the Parcel A/B/C units are metered, and for all newly constructed units, rental rates will be adjusted to provide a “reasonable utility allowance.”

#### **1.4 KEY CONTROLLING DOCUMENTS**

Documents governing the project include, but are not limited to, a Lease of Property (Appendix U), with a companion Operating Agreement (Exhibit E of Appendix U), a Quitclaim Deed or Bill of Sale (Appendix V), a Use Agreement (Appendix X), and appropriate financial instruments as discussed in Section 3.0.

## SECTION 2.0 EXISTING CONDITIONS

### 2.1 GENERAL EXISTING CONDITIONS

This section describes existing conditions of each site and its associated improvements (facilities and infrastructure) thereon to be leased or conveyed to the SO. All existing utility systems are currently owned and operated by the Government but are under review for possible privatization under a separate business agreement. Additional detailed information may be found in the appendices as follows:

- Appendix B – Existing Inventory
- Appendix C – General Concept Map
- Appendix F – Technical References
- Appendix U – Lease of Property, Exhibit A – Description of Leased Premises
- Appendix U – Lease of Property, Exhibit B – Map of Leased Premises
- Appendix U – Lease of Property, Exhibit D – Environmental Baseline Surveys.

The Government has made every effort to ensure the accuracy of the information in this section. However, should a conflict exist between the general information in this section and the more detailed information in the appendices, the information in the appendices should be used.

### 2.2 PARCEL A

Parcel A, is located north of Street Name in Parcel County, as generally shown at General Concept Map (Appendix C) and more specifically shown in the Map of Leased Property (Exhibit B in Appendix U). Civilian housing to the north/south/east/west binds this parcel. At the closing of the transaction, selected improvements identified below will be conveyed, and the land will be leased to the SO for a period of XX years.

#### 2.2.1 Jurisdiction

The legal jurisdiction of the property may be either proprietary, exclusive federal, or concurrent jurisdiction, as more specifically described herein: [List the type of legal jurisdiction by parcel.] The Government reserves the right to change the jurisdiction of the leased parcels at any time. Such change will not be the basis for a claim by the SO for property taxes or other costs.

#### 2.2.2 Housing Units

[Describe the housing on the site, including number of units, year housing built, type of units (single family, duplex, multiplex), size of attached garages or carports, construction materials, major renovations, etc. Sample text shown.]

The site is fully developed with a combination of XXX duplex and single family housing units built in the 19XXs. Of the XXX units, XXX of the units have single-car garages, while the remaining units have a single carport. Unit structures are a combination wood and brick frame on concrete slabs with built-up roofs. Exterior finishes are a combination of brick, wood, and stucco. XXX of the built-up roofs have been replaced within the last XX years. All of the kitchens were remodeled approximately XX years ago, and XXX of the baths were renovated within the past XX years. Over XX% of the natural gas forced-air furnaces and evaporative coolers have been replaced within the last XX years.

### 2.2.3 Environmental

An Environmental Baseline Survey (EBS) was completed and revealed [briefly describe EBS findings as described in the Executive Summary, e.g., asbestos, lead-based paint, and chlordane in and around the housing; however, the survey did not reveal any environmental conditions that would delay conveyance of the improvements]. See Environmental Baseline Surveys (Exhibit D of Appendix U) for details.

### 2.2.4 Infrastructure

The following is a general description of the site improvements, including, but not limited to, utility systems. Some utilities are proposed to be sold (privatized) to a private or public sector entity. This is discussed for each utility system below.

#### 2.2.4.1 Electrical

[Indicate “not applicable” or provide system information (i.e., owner of system, provider of service, construction date, any renovations, underground or overhead, capacity, general condition, what part of the system is to be conveyed to the housing privatization SO, demarcation points for conveyance, and what part of the system is to be privatized via utilities privatization and when).]

[Address overhead/underground distribution, primary/secondary lines, transformers, street lighting, etc.]

#### 2.2.4.2 Natural Gas

[Indicate “not applicable” or provide system information.]

#### 2.2.4.3 Water

[Indicate “not applicable” or provide system information.]

#### 2.2.4.4 Sewer

[Indicate “not applicable” or provide system information.]

#### 2.2.4.5 Storm Drainage

[Indicate “not applicable” or provide system information.]

#### 2.2.4.6 Telephone

[Indicate “not applicable” or provide system information.]

#### 2.2.4.7 Computer Network Lines

[Indicate “not applicable” or provide system information.]

#### 2.2.4.8 Cable TV

[Indicate “not applicable” or provide system information.]

#### 2.2.4.9 Government Telephone Cable

[Indicate “not applicable” or provide system information.]

#### 2.2.4.10 Pavements

[Indicate “not applicable” or provide system information.]

**2.2.5 Other Improvements To Be Conveyed**

[Identify “tot lots”/playgrounds, bus stops, maintenance complex, etc.]

**2.2.6 Other Real Estate Interests**

[Identify real estate interest to be retained by Government or already conveyed to others, including easements.]

**2.3 PARCEL B**

[Placeholder for second parcel details. Follow Section 2.2 structure.]

**2.3.1 Jurisdiction**

[Indicate base specific information.]

**2.3.2 Housing Units**

[Indicate base specific information.]

**2.3.3 Environmental**

[Indicate base specific information.]

**2.3.4 Infrastructure****2.3.4.1 Electric**

[Indicate “not applicable” or provide system information.]

[Address overhead/underground distribution, primary/secondary lines, transformers, street lighting, etc.]

**2.3.4.2 Natural Gas**

[Indicate “not applicable” or provide system information.]

**2.3.4.3 Water**

[Indicate “not applicable” or provide system information.]

**2.3.4.4 Sewer**

[Indicate “not applicable” or provide system information.]

**2.3.4.5 Storm Drainage**

[Indicate “not applicable” or provide system information.]

**2.3.4.6 Telephone**

[Indicate “not applicable” or provide system information.]

**2.3.4.7 Computer Network Lines**

[Indicate “not applicable” or provide system information.]

**2.3.4.8 Cable TV**

[Indicate “not applicable” or provide system information.]

**2.3.4.9 Government Cable**

[Indicate “not applicable” or provide system information.]

**2.3.4.10 Pavements**

[Indicate “not applicable” or provide system information.]

**2.3.5 Other Improvements To Be Conveyed**

[Identify “tot lots”, bus stops, maintenance complex, etc.]

**2.3.6 Other Real Estate Interests**

[Identify real estate interest to be retained by Government or already conveyed to others, including easements.]

**2.4 REFUSE AND RECYCLING**

Refuse and recycling collection are performed by \_\_\_\_\_. This contract is for [period of performance].

**2.5 SNOW AND ICE REMOVAL**

Snow and ice removal are performed by \_\_\_\_\_. This contract is for [period of performance].

[Indicate as “not applicable” if necessary.]

**2.6 GROUNDS MAINTENANCE**

[Indicate base-specific information.]

**2.7 OTHER CONTRACTS**

[Indicate base-specific information if applicable.]

## SECTION 3.0 PROJECT ARRANGEMENTS, REQUIREMENTS, AND MANAGEMENT

### 3.1 SUMMARY

Section 3.0 identifies the anticipated project business arrangements and describes the Government's project requirements, desired features, and required plans. Offerors are encouraged to be innovative and submit other enhancements not specifically identified in this Solicitation.

### 3.2 BUSINESS ARRANGEMENTS, FINANCIAL PLAN, AND STRUCTURE

#### 3.2.1 Legal Instruments

The Government anticipates that some limited revisions may be made to the instruments solely for the purpose of ensuring that the documents are consistent with the Selected Proposal and the Government's requirements for the development. At or before the time of the closing, the Government and the SO will execute all applicable instruments, and the SO shall enter into possession of the property and commence performance of its obligations under the Selected Proposal. The Government anticipates that the documents to be executed may include, but are not limited to, the following:

- Lease of Property (Appendix U), with a companion Operating Agreement (Exhibit E)
- Quitclaim Deed or Bill of Sale (Appendix V)
- Use Agreement also known as Restrictive Covenants (Appendix X)  
[Indicate as "not applicable" if all privatized housing is on federal land.]
- Forward Commitment (Appendix M)
- Intercreditor Agreement (Appendix P)
- Military Housing Loan Guaranty Agreement (Appendix R)
- Note for Government Limited Guaranteed Loan (Appendix S)
- Mortgage for Government Limited Guaranteed Loan (Appendix S)
- Note for Government Direct Loan (Appendix N)
- Mortgage for Government Direct Loan (Appendix N)
- Lockbox Agreement (Appendix Q)
- SO Counsel Opinion Letter (Appendix Y).

#### 3.2.2 Real Estate Agreements

At the closing of the transaction, the Government will lease all parcels to the SO under a Lease of Property (Appendix U) with a companion Operating Agreement (Exhibit E of Appendix U) and convey all housing units and associated improvements by a Quitclaim Deed or Bill of Sale (Appendix V). The SO shall be required to execute instruments with provisions substantially identical to the Lease of Property (Appendix U), the Use Agreement (Appendix X) and the SO Counsel Opinion Letter (Appendix Y).



### 3.2.2.1 Lease of Property and Operating Agreement

The Lease of Property (Appendix U) with its companion Operating Agreement (Exhibit E). The Lease of Property (Appendix U) for **Parcels A and B** will expire in 50 years. The Lease of Property (Appendix U) for **Parcel C** will expire in **XX** years. The purpose of the Operating Agreement (Exhibit E of Appendix U) is to implement the terms and conditions of the Lease of Property (Appendix U) for the design, construction, renovation, demolition, operation, management, and maintenance of the housing development on Government land. The SO shall be responsible for all costs of recordation of all instruments necessary to protect the interest of the Government, including, but not limited to, the Lease of Property (Appendix U). Execution of the Lease of Property (Appendix U) shall be contingent upon satisfactory evidence that the SO has:

- Proof of approved construction and permanent financing
- Deposited the equity contribution with the approved financial institution that will service the lockbox arrangement
- Submitted a legal Counsel Opinion Letter (Appendix Y).

### 3.2.2.2 Quitclaim Deed or Bill of Sale for Conveyance of Improvements

The Quitclaim Deed or Bill of Sale (Appendix V) conveying improvements, will be subject to all existing restrictions, if any, and any access rights that may be necessary with respect to utility distribution systems.

### 3.2.2.3 Use Agreement

The site provided by the SO will be subject to a Use Agreement (Appendix X) to be executed by the Government and the SO. The purpose of the Use Agreement (Appendix X) is to subject the property to the material provisions of this Solicitation and the Selected Proposal that are deemed important by the Government for the successful operation of the project. Execution of the Use Agreement (Appendix X) shall be contingent upon satisfactory evidence that the SO has:

- Title to the property
- Proof of approved construction and permanent financing
- Deposited the equity contribution with the approved financial institution that will service the lockbox arrangement.

[Indicate as “not applicable” if all privatized housing is on federal land.]

### 3.2.3 Financing

It is the responsibility of the Offeror to arrange the necessary debt financing and equity. Government participation in the financial agreements may include a Direct Loan and/or a Limited Loan Guarantee of a private sector commercial loan. Offerors shall use their equity contribution and private sector commercial loan proceeds before using the Government Direct Loan in project financing.

- “Scoring” is the method of accounting for a Federal Government obligation, as required in the 1990 Budget Enforcement Act and detailed in the Office of Management and Budget (OMB) Circular A-11. Scoring ensures that the Government obligation is accounted for when the

long-term liability is incurred. According to the scoring guidelines, a project must be fully funded with sufficient budget authority in its first year to cover the Government's long-term financial commitment to the project. Due to variations in applying the authorities (10 U.S.C. Sections 2873–2879), OMB scores privatization projects on a case-by-case basis. The scoring impact is assessed based on a realistic risk of potential long-term liability. Any programmed scoring cost for this project was calculated based upon the minimum requirements as set forth in this Request for Proposal. The potential scoring impact ("Scored Amount") of the use of each of these statutory authorities can be estimated by utilizing the AFCEE-provided template along with the Credit Subsidy Calculator. This tool, used to calculate the cost of direct loan programs and guaranteed loans, is available at [http://www.afcee.brooks.af.mil/dc/dcp/news/download/OMB\\_Calculator](http://www.afcee.brooks.af.mil/dc/dcp/news/download/OMB_Calculator) [This Web page is under construction.]

- In the event the SO sells or refinances the project, it shall pay the Government a minimum of 50% of the net proceeds (gross proceeds minus cost of refinancing, pay off of the existing loan and costs of 25-year upgrade/modernization).

#### **3.2.3.1 Offeror's Equity and Net Cash Contribution**

The Government requires the SO to make an equity contribution in the amount of no less than 5% of total project costs. This Offeror equity shall be a direct cash contribution at the time of project closing unless the SO provides an irrevocable letter of credit in a form acceptable to the Government in an original principal amount equal to the total amount of required equity. The letter of credit, if used, must be an obligation of an investor in the Project Owner. The letter of credit must not be an obligation of the Project Owner and must not be secured by any project asset; and such letter of credit must be converted to cash equity before completion of initial construction and renovation of the project. The SO may propose funding its cash equity contribution pro rata with phases of construction financing as specifically set forth in the Offeror's proposal. Other sources of equity may include direct infusions by the Offeror at later dates, equity from project cash flow during development, interest on unutilized loan proceeds, earned but unfunded developer fees, and other sources that the Offeror may propose.

The Government also requires that, at the time of permanent financing, the Offeror shall demonstrate that its net cash contribution to the project is no less than 5% of total project costs net of credit support costs. The Offeror's net cash contribution is defined as total project costs less the amount of the permanent loans and less the net operating income during the construction period. In all cases, the Offeror shall commit its initial cash equity prior to any commitment of Government funds. The Government will not finance credit support on either the Direct or Government Guaranteed Loan.

#### **3.2.3.2 Forward Commitment**

The Government shall enter into a Forward Commitment (Appendix M) with the SO, which sets forth the specific terms and conditions under which the Government has agreed to provide the Government Direct Loan and Loan Guarantee, if applicable. The Forward Commitment (Appendix M), may be assigned or pledged by the SO to the Guaranteed Lender.

### 3.2.3.3 Government Direct Loan

The Government may provide a direct permanent loan to the SO in support of this project. Should the Offeror believe that the Government Direct Loan is necessary, the Offeror shall justify the use of said loan. Offerors proposing to use Direct Loans should consider multiple disbursements of the loan to reduce the Government's financial participation. If multiple disbursements are proposed, the Offeror must comply with the requirements in the Forward Commitment (Appendix M) for each disbursement phase.

The Scored Amount for providing the Direct Loan is estimated as the sum of any interest rate subsidy and the default subsidy. The Government Direct Loan must be in accordance with the terms identified in the Forward Commitment (Appendix M). Together with such other terms and conditions as may be desirable or necessary to protect the interests of the Government, the material terms of the Government Direct Loan include:

- The Borrower must be the same entity as the SO.
- The Government Direct Loan will be a permanent loan (the Government will not make construction loans). The proceeds of the Government Direct Loan will only be disbursed following: (a) the issuance of a "Certificate of Compliance"; (b) the contribution by the SO of its equity contribution in the amount set forth in the Selected Proposal; and (c) the closing by the SO on its private sector permanent financing.
- The maximum amount of the Government Direct Loan will be (a) the total cost of the project as approved by the Government minus (b) the sum of the original principal balance of the first mortgage loan, the SO's cash equity contribution to the project, and estimated proceeds deposited into the construction escrow account generated from net project cash flow during construction. The Government Direct Loan shall not finance any credit support (e.g., bond insurance, mortgage insurance, Letters of Credit (LOCs), etc.) and/or reserve funds for the debt on this project, shall not be used to pay or repay any related party fees and shall not cash out any of the Offeror's required equity contribution.
- The term of the Government Direct Loan shall be no longer than 40 years.
- The initial principal amount of the Government Direct Loan shall not be greater than any first mortgage.
- The interest rate on the Government Direct Loan may be below current treasury rates of interest as proposed by the SO and approved by the Government but not less than 1%. The Government Direct Loan must have a fixed rate of interest and be fully amortizing. The Offeror should note that the greater the amount of the Government Direct Loan or the lower the interest rate paid on the Government Direct Loan, the greater will be the scored cost to the Government. Negative amortization of the Government Direct Loan shall not be permitted.
- The Government Direct Loan may be prepaid in whole, or in part, at any time without prepayment penalty or premium; however, negative scoring credit must be included in the financing.

- The Government Direct Loan shall be secured by a lien on the SO's interest in the project and a recorded security interest in the project's cash flow, leases and rents, accounts, contracts and agreements, and permits of every description subordinate only to the lien of any original first mortgage.
- Loan documents and applications for the Government Direct Loan shall be prescribed by the Government and shall, subject to certain modifications required by the Government, be in a form typically required by commercial mortgage lenders.
- The SO shall pay all recordation costs and fees, document preparation cost, title insurance (together with any curative work that may be required), attorneys' fees, and its own closing costs and charges.
- As a condition to providing a Government Direct Loan, the Government will require the execution of an Intercreditor Agreement (Appendix P) between the Guaranteed Lender or other first mortgage lender and the Government.
- Interest payment deferrals shall not be permitted. Principal payment deferrals are permitted up to 10 years.

#### **3.2.3.4 Government Limited Loan Guarantee**

The Government may provide a limited loan guarantee to an approved Private Lender who makes a permanent loan (Guaranteed Loan) to the SO in support of the project. Should the Offeror believe that the Government Loan Guarantee is necessary, the Offeror shall justify the use of said guarantee. The original principal balance of the Guaranteed Loan cannot exceed 80% of the value of the project. The Government has determined that the "value of the project" will be equal to the approved total project cost. The Guaranteed Loan must be a permanent loan (the Government will not guarantee construction loans). The Guaranteed Loan must be in accordance with the terms identified in the Forward Commitment (Appendix M). If a Guaranteed Loan is used, the SO shall execute the Military Housing Loan Guaranty Agreement (Appendix R).

#### **3.2.3.5 Guaranteed Loan Documents**

The most current version of either the Fannie Mae or Freddie Mac form of note and security instrument for the State of Basestate shall be used. Military Housing Riders to the Note and the Security Instrument (Appendix S) shall be attached to the note and security instrument. In order to enter into a Loan Guaranty Agreement (Appendix R) with the Government and be the beneficiary of a Loan Guarantee, a lender must complete the Guaranteed Lender Eligibility Form (Appendix T) and be approved by the Government.

#### **3.2.3.6 Additional Financing**

Any additional financing related to this project is subject to Government approval.

#### **3.2.3.7 Debt Service Coverage Ratio**

The Offerors must demonstrate that the expected debt service coverage ratio for the private first mortgage loan will not be less than 1.20 for any one (1) year, and the combined debt service coverage ratio will not be less than 1.05 for any one (1) year.

**3.2.3.8 Cross Collateralization and Cross Default Provisions**

This privatization project is expected to “stand alone”; thus, the SO is prohibited from cross collateralization and cross default of the project with any other assets. Moreover, the SO is prohibited from assigning, pledging, hypothecating, or otherwise transferring its interest in the Net Cash Flows or ownership of the project in part, or in its entirety, without prior written Government approval. Any additional debt shall require prior written Government approval.

**3.2.3.9 Intercreditor Agreement**

As a condition to providing a Government Direct Loan, the Government will require the execution of an Intercreditor Agreement (Appendix P) between the Guaranteed Lender or other first mortgage lender and the Government.

**3.2.3.10 Related Party Fees**

The Offeror shall disclose all construction management, asset management, and other fees that are accrued or paid to the Offeror or related parties during the life of this project.

**3.2.3.11 Desired Financial Features**

The desires listed below are in descending order of importance.

- One Hundred Percent (100%) private sector financing
- Minimize use of Government Limited Loan Guarantee
- Minimize use of Government Direct Loan
- Higher percentage of gross proceeds to the Government on sale or refinancing the project

**3.2.4 Property Taxes**

The SO shall be responsible for the payment of any property taxes assessed on the project. Offeror’s proposal shall assume that property taxes will be assessed on the project and include such costs in its financial projections. Any savings during the project realized from an exemption from or abatement of property taxes on the project shall be distributed pursuant to the terms of the Lockbox Agreement (Appendix Q). Should tax consequences to the project change for any reason, the SO acknowledges that the Government will not be held responsible for the results of such changes and that the SO remains responsible for any property taxes assessed.

**3.2.5 Lockbox Accounts**

On or before closing, the SO shall enter into a Lockbox Agreement (Appendix Q). All revenues from the project shall be directly deposited into an account at a federally insured depository institution approved in advance in writing by the Government. This account and its subaccounts shall be executed and maintained in accordance with the Lockbox Agreement (Appendix Q). The Lockbox Agreement (Appendix Q) reflects the priority of application of project revenues. Any changes in Lockbox priorities require prior written Government consent. At a minimum, the Lockbox Account shall include the following reserve and escrow accounts:

**3.2.5.1 Windfall Income Account**

The Government requires the SO to establish and maintain a federally insured, interest-bearing account to be known as the Windfall Income Account into which it will deposit,

on a monthly basis, the Windfall Income. "Windfall Income" is defined as that portion of the SO's gross income attributable to changes in the Basic Allowance for Housing (BAH) due to the Secretary of Defense Cohen Initiative to eliminate out-of-pocket expenses by 2005.

The SO shall disburse 100% of the contents of the Windfall Income Account in the following priority order:

- Pay principal on any Government Direct Loan
- Pay principal on any private loan guaranteed by the Government
- Transfer money to the Reinvestment Account.

#### **3.2.5.2 Lockbox Revenue Account**

The SO shall establish and maintain this account which receives all Project Income and any other amounts otherwise required to be deposited by the Lockbox Agent therein pursuant to the Lockbox Agreement (Appendix Q).

#### **3.2.5.3 Impositions Reserve Account**

The SO shall establish and maintain this account throughout the life of the project to cover applicable property tax payments and insurance premiums.

#### **3.2.5.4 Replacement Reserve Account**

The Government requires the SO to establish and maintain a Replacement Reserve Account. The purpose of this escrow account, including all interest thereon, shall be to ensure capital repair and replacements. In addition, this escrow account shall also cover the cost of removing all improvements on the premises at the expiration of the Term as referred to in the Lease Agreement (Appendix U, Section 9).

#### **3.2.5.5 Operating Reserve Account**

The purpose of this account is to pay operating expenses in excess of the amounts made available for monthly Operating Expenses.

#### **3.2.5.6 Other Eligible Tenant Security Deposit Account**

The purpose of this account is to maintain all tenant deposits and fees for Other Eligible Tenants in accordance with applicable state law. Tenant security deposits shall not be required from Referral Tenants. The SO shall establish and maintain this account throughout the life of the project.

#### **3.2.5.7 Utility Reserve Account**

The purpose of this account is to serve as a reserve to cover certain rate increases in the utility costs for electricity, water, sewer, natural gas, and steam heat that cause a reduction in the Project Income available for distribution to the SO.

#### **3.2.5.8 Construction Escrow Account**

The purpose of this account is to ensure the cash flow after operating expenses, impositions, and reserves from the existing rental units is utilized to fund demolition and construction costs. The SO shall also deposit its initial cash equity contribution into this account.



### **3.2.5.9 Reinvestment Account**

The Government requires the SO to establish and maintain a Reinvestment Account. The purpose of this account is to reduce the Government's financial liability, ensure the development continues to meet the original project goal, and continue enhancing the Property in the form of quality of life improvements which may include paying approved minor alterations, services, and improvements for all quarters. The SO shall establish and maintain this account throughout the term of the real estate agreements and in accordance with the Reinvestment Plan. The Offerors shall propose a minimum of 50% of Net Cash Flow to be deposited in the Reinvestment Account, after issuance of the Final Certificate of Occupancy.

### **3.2.6 Bankruptcy**

Bankruptcy provisions are contained in the Lease of Property (Appendix U). Such provisions shall be binding upon the SO.

### **3.2.7 Default**

In the event of an uncured default by the SO, the Government shall have such rights as set forth in the applicable documents including termination rights as appropriate.

### **3.2.8 Expiration of Lease of Property**

At the expiration of the 50-year term of the Lease of Property (Appendix U) there are three options available at the sole discretion of the Government:

- Upon expiration of the Lease of Property (Appendix U), or any extended term thereof, the SO shall demolish the housing units and other facilities, improvements, and underlying utilities or remove them from the leased land; restore the land; and then surrender the land to the Government.
- The parties may negotiate an extension of the Lease of Property (Appendix U) provided that the project has been and is being properly maintained; the SO is not in default of any of its obligations under the Lease of Property (Appendix U); the units continue to be occupied primarily by Referral Tenants; and renewal is in the best interest of, and acceptable by, both parties.
- The Government may acquire the facilities and improvements if authorized by appropriate legislation. Revenues accumulated in the Replacement Reserve Account throughout the project lease period for the sole purpose of complete unit demolition at lease termination shall be disbursed to the Government and the SO at a ratio of 90% to 10%, respectively.

### **3.2.9 Books, Records, Accounts, and Reports**

The SO shall keep and maintain accurate, true and complete books and records (hereinafter collectively referred to as "books and records"), which shall fully reflect the financial condition, occupancy, physical condition, maintenance, and operational status of the project, together with all business licenses and permits required to be kept and maintained pursuant to the provisions of any applicable state or local law, regulation or rule now or hereafter in effect. These books, records, accounts, and reports shall be in addition to those documents and information required to be maintained or delivered to the Government by the closing documents. All books and records shall be kept at the SO's principal office, or at the project location, or at such other place as the

Government and the SO both agree upon in writing. The books and records shall be available to the Government and its representatives for examination, audit, inspection, and transcription. The Government is herewith granted the right to photocopies of same, at the sole expense of the SO. The SO shall deliver to the Government, upon such schedule as the Government may establish from time to time, and in such media, including electronic media, as the Government shall select, all information and supporting documentation which the SO has maintained or which the Government needs in order for the Government to file any report to the Department of the Air Force, the Department of Defense, including but not limited to Program Evaluation Plan (PEP) reports (Executive Summary, Fact Sheet including Authorities Matrix, Risks and Protections Matrix, and Project Matrix), or required to be submitted by the Government to any governmental or nongovernmental agency, or which the Government needs to assess the financial condition, performance, occupancy, physical condition, maintenance and operational status of the project. Such items shall: (a) be in a form satisfactory to the Government, (b) be certified to the Government as true, complete, and accurate by the SO, and (c) be taken from the books and records maintained by the SO as aforesaid. Refer to the Lease of Property (Appendix U).

### **3.3 DESIGN AND CONSTRUCTION REQUIREMENTS**

#### **3.3.1 Professional Certification**

All drawings, specifications, and engineering calculations shall be certified by a licensed architect or professional engineer currently licensed by the State of Basestate.

#### **3.3.2 Codes, Standards, and Regulations**

All development, demolition, construction, and renovation shall be in accordance with Basacity, Basecounty, or Basestate building codes, standards, regulations and the applicable federal laws, including, but not limited to, the following for on-base housing:

[Insert appropriate building codes, standards, Uniform Federal Accessibility Standards (UFAS); U.S.C. Title 15; etc.]

#### **3.3.3 Permits**

The SO shall acquire all permits and pay all required fees.

#### **3.3.4 Community Development Plan**

Offerors shall develop a comprehensive Community Development Plan (CDP) that responds to military families' needs and reinforces the connection between the families and the community.

##### **3.3.4.1 Site Development Design**

The CDP shall integrate the housing community with the surrounding community in the site development design. The site development design shall create a network of neighborhoods within the community by creating a full range of compatible private and shared recreation and community-desired facilities, and shall provide efficient and separate vehicular and pedestrian traffic patterns. The CDP shall identify constraints such as easements, drainage, and offensive environments (i.e., blight, bright lights, and loud noises) to ensure activities within and surrounding the site are compatible. Building arrangements shall be informal, with varying setbacks to provide for best view, privacy, and variety and sufficient parking space for off-street parking. Building orientations shall provide residents with safe and convenient access to the units, as well as passive energy efficiencies. Variety within groupings, arrangements, and siting configurations of



buildings is desired. The site design shall conform to varying terrain conditions to provide attractive residential patterns and attractive, pedestrian-friendly streetscapes. The site design shall provide an optimum balance of structures; common green spaces with native landscaping and ornamental highlights; recreational areas; appropriate buffer area/screening; street lighting; pedestrian and vehicular circulation; and sidewalks on both sides of the street. These site designs shall be consistent with good land use planning, practices, and economics. It shall incorporate green space, landscaping, underground utilities, and recreation areas to enhance the overall environment of the neighborhood and improve quality of life. To the extent possible, separate housing areas shall be maintained for officer and enlisted personnel. The CDP shall identify housing areas that the SO must immediately and physically segregate from other areas occupied by Referral Tenants when a unit is occupied by the General Public. The Plan shall also identify the source of funds for the construction of fencing and roadways needed for the SO to implement this requirement.

#### 3.3.4.1.1 Recreation and Common Areas

Open areas of the site design shall encourage creative play and learning for children and a pleasant outdoor experience for adults. The recreation and common areas shall be open for viewing with no secluded areas. Recreation facilities shall be sited where easily accessible while causing minimum disturbance to nearby occupants.

#### 3.3.4.1.2 Landscaping

Landscaping of common areas and building unit perimeters shall be designed to enhance the aesthetic quality of each unit and surrounding neighborhood. Landscaping and earth shaping techniques shall be comparable to commercial residential property standards and sufficient to establish privacy screening and soften the visual environment. Existing trees shall be saved to the maximum extent possible. Both general site and unit landscaping shall provide year-round focus and interest, and use hardy, predominately native, low-maintenance plant materials, and durable mulches and surfacing materials, with provisions at the units for occupant plantings. Landscaping designs shall incorporate philosophies and features that conserve water and require minimal maintenance.

#### 3.3.4.1.3 Force Protection

The CDP shall use site design elements to minimize terrorist impacts (e.g., gate, fence, setback, environmental, traffic, lighting, and landscaping designs), minimize access from surrounding communities, eliminate places of concealment, offer the most protection against crime, and discourage undesirable traffic. For calculating force protection requirements, the SO should use the Joint Staff Integrated Vulnerability Assessment as a guideline. This guideline will be available for review at the Installation.

#### 3.3.4.1.4 Conservation

The CDP shall incorporate pollution prevention, energy, and water conservation initiatives into all facilities and activities where practicable. The objectives of such initiatives shall be to improve: (1) waste reduction and

waste management practices; (2) energy efficiency and energy conservation practices; (3) water resource conservation and management practices (e.g., xeriscaping); and (4) recycling and reuse practices (e.g., curbside recycling).

#### 3.3.4.1.5 Administration Facility

SO must construct and maintain a management office on the site. [Verify whether or not the Government will convey any management or maintenance facilities as part of the transaction.]

#### 3.3.4.1.6 Accessibility

Common areas such as walks, streets, parking and play areas, common entrances to multi-unit facilities, and support facilities must be designed and built to be accessible. “Accessible” means the common areas can be approached, entered, and used by physically handicapped people and comply with the accessibility standards set forth in Section 4 of the Americans with Disabilities Act Accessibility Guidelines (ADAAG) for Buildings and Facilities, as well as any other federal, state, county, or local laws, regulations, ordinances, codes, guidelines, or standards pertaining to accessibility.

### 3.3.4.2 Land Use Requirements and Restrictions

In addition to the above general requirements, the following specific requirements shall be met:

#### 3.3.4.2.1 Land Use

All parcels shall be used to satisfy housing required by this Solicitation. Other approved uses shall be limited to the following uses:

- Single-family residential and townhouse residential units with or without ancillary facilities
- Recreational facilities
- [Add other approved uses as needed.]

#### 3.3.4.2.2 Land Use Restrictions

The development of any resale merchandise, services, and commercial recreational operations or activities is prohibited on all parcels. See the Lease of Property (Appendix U), for specific information on these restrictions.

#### 3.3.4.2.3 Density

The maximum density for new construction shall not exceed six duplex or multiplex units per acre and no more than four single-family units per acre.

[Identify special requirements for senior officer quarters if applicable.]

#### 3.3.4.2.4 Recreational Areas

Offerors’ plans shall provide replacement recreational equipment, if any is removed, as necessary to ensure that each neighborhood contains 1 “tot lot” for every 50 units for children 5 years old and under, 1 play area for every 60

units for children 6 to 12 years of age, covered bench seating for adults at each “tot lot” and play area, two lighted half-size basketball courts, one lighted regulation size basketball court, one regulation size soccer field (including irrigation, nets, and goals) that can be used as 2 youth-size fields, adequate off-street parking, and a jogging trail/bike path. All existing playground equipment and recreation facilities shall be renovated to meet or exceed the *Handbook for Public Playground Safety* published by the Consumer Product Safety Commission. All recreational areas shall be available to military occupants at no charge.

### 3.3.4.3 **Desired Community Features**

The desires listed below are in descending order of importance.

- Covered bus shelters
- Community-wide and neighborhood-wide recreational facilities (except additional playgrounds) in the interior of family housing areas, including group picnic areas (with such amenities such as pavilions, tables, grills, etc.)
- Tennis courts (preferably lighted)
- Volleyball courts
- Community center/clubhouse
- Concrete walks or asphalt trails leading to playgrounds where possible
- Road and trail connectivity among all housing areas

### 3.3.5 **New Housing Construction**

This section applies to the design and construction of all new housing units.

#### 3.3.5.1 **General Guidelines**

Offerors’ designs and construction shall comply with all applicable codes, standards, and regulations, meet basic requirements described herein, and shall be appropriate to the climate and lifestyle of the area. Offerors should provide innovative design and construction techniques conforming to local market (private sector) standards for quality housing. The local market area is defined as within a 60-minute or 20-mile commute (whichever is greater) during peak driving conditions. Offerors shall exercise best professional judgment in choice of style, type, design, configuration, functional solutions, and materials in their proposals. Each housing area shall have an identification sign at the entrance of each neighborhood.

##### 3.3.5.1.1 **Floor Plans**

Floor plans shall incorporate orderly arrangement of functions, minimize circulation, and maximize open spaces. Designs shall provide inviting entrances, indoor/outdoor integration, and pleasing interior appearance. Kitchens shall have a modern, well-organized work area with quality fixtures, appliances, and finishes. Layout of bathrooms shall follow modern planning techniques and utilize quality fixtures. Maximized storage space is an essential element due to the mobility of Air Force families. Interior storage shall include conveniently located and adequately sized cabinets and coat,

linen, pantry, bulk storage, and clothes closets. Exterior storage shall include maximized space for bikes, mowers, etc.

#### 3.3.5.1.2 Handicap Accessibility

At least 5% of the housing units shall be either handicap accessible, or “readily adaptable” to be accessible, including, but not limited to, entrance ramps, bathroom grab bars and chair lifts. “Accessible” means the units can be approached, entered, and used by physically handicapped people. Modifications shall be accomplished on a high priority basis when a requirement is identified. The housing units shall comply with the accessibility standards set forth in all applicable federal, state, or local laws pertaining to accessibility, together with the Fair Housing Act (FHA) and the relevant provisions of the Uniform Federal Accessibility Standards (UFAS) dealing with accessibility. In complying with said authorities, the SO shall abide by those provisions that are the most stringent. Should the SO choose to make the premises “readily adaptable” then the SO shall bear the cost of making the housing units accessible at its sole expense.

#### 3.3.5.1.3 Elevations

Elevation designs shall provide pleasing and interesting appearances, comparable to other quality residential developments currently being built and marketed in the area. The elevations shall be inviting with modulated facades, rooflines, and massing to provide interest. Materials and colors shall be varied to break up facades of larger structures and prevent excessive uniformity among the smaller units.

#### 3.3.5.1.4 Energy Efficiency

Design, materials, equipment, and construction methods shall reduce energy and water consumption to current Energy Star criteria. Design features shall include, but are not limited to, optimizing glass locations and areas, optimizing insulation in exterior walls, ceilings, and between adjoining units, weatherstripping throughout, and minimizing duct leakage. Attention to construction details, exterior fenestration materials, and passive solar energy systems shall be employed wherever possible.

#### 3.3.5.1.5 Materials, Equipment, and Finishes

Offerors shall ensure materials, equipment, and finishes are durable, low maintenance, and functional. Choice of finishes shall be aesthetically pleasing with a richness of texture and detailing. Basic quality features include copper potable water plumbing, copper electrical wiring, dual-pane insulated windows and patio doors, storm doors with screens at main entrances, and overhead lighting in bedrooms and large closets.

### 3.3.5.2 Specific Requirements

In addition to the above general requirements, Offerors’ designs and construction shall provide the following:

## 3.3.5.2.1 Enlisted and Non-Senior Officer Housing

Offerors shall design and construct a total of XXX units and associated improvements in **Parcel A**. The units shall be a mixture of multiplex and detached single-family housing. The construction of the development shall be complete within XX years of project closing. The following table shows the number of units per grade, broken down by square footage according to the minimum, programming benchmark, and maximum size:

**Table 4 – Enlisted and Non-Senior Officer Housing**

	Two Bedroom		Three Bedroom			Four Bedroom		
	E-1 to E-6	E-7 to E-8 and O-1 to O-3	E-1 to E-6	E-7 to E-8 and O-1 to O-3	E-9 and O-4 to O-5	E-1 to E-6	E-7 to E-8 and O-1 to O-3	E-9 and O-4 to O-5
Number of Units	X	X	X	X	X	X	X	X
Minimum Gross Square Feet*	1180	1180	1490	1670	1740	1670	1800	1920
Programming Benchmark Gross Square Feet*	1340	1340	1630	1950	2020	1950	2150	2310
Maximum Gross Square Feet*	1500	1790	1760	2050	2300	2220	2500	2700
<p>* All interior spaces within the exterior faces of exterior walls and center line of party walls (in multiplex units) of housing units, with the following areas of exclusion: garages, exterior bulk storage (detached), trash enclosures, porches, terraces, patios, balconies, and entrance stoops</p> <p>Garages: 2 car for detached units, 1 car for multifamily units</p>								

## 3.3.5.2.2 Prestige Family Housing

The SO shall design and construct XX Prestige Family Housing units at **Basename** AFB, **Basestate**. The construction of any new Prestige Family Housing units shall be complete and ready for occupancy prior to the demolition of the existing Prestige Family Housing units.

Prestige Housing should meet at a minimum the following standards:

- A geographically separate location in base housing
- Single-family housing units at least 10% larger than the largest enlisted units and between 1,920 and 2,700 gross square feet
- Garages with door openers and storage space
- Additional off-street parking

- Larger, enhanced patios with privacy screening
- Central air conditioning in all habitable areas
- Carpeted and/or upgraded floor treatments
- Ceiling fans and upgraded miniblinds or other window treatments
- Upgraded kitchens and appliances and at least two full baths.

#### 3.3.5.2.3 General Officer Quarters (GOQ) Standards

The SO shall design and construct XX General Officer Quarters (GOQs) at Basename AFB, Basestate. The design shall be in conjunction with local architectural and climatic conditions. (Refer to Technical References (Appendix F). The construction of any new General Officer Quarters shall be complete and ready for occupancy prior to the demolition of the existing General Officers Quarters.

The SO shall provide quality finishes for the floor, architectural millwork, wall base, walls, ceilings, window treatments and coverings, light fixtures, entryway, staircases (if applicable), cabinetry, countertops, and appliances for each habitable area. The SO shall also use quality roof materials, exterior walls finishes, exterior windows and door finishes, and upscale landscaping.

#### 3.3.5.2.4 Senior Officer Housing

Design and construct XXX single-family detached units and associated improvements for O-6. The construction of any new Senior Officer housing shall be complete and ready for occupancy prior to the demolition of the existing Senior Officer housing units. In addition to standard residential telephone service, the SO shall supply and install a minimum of two telephone lines, two CATV (Cable TV) lines, 1 fiberoptic line and 1 UTP (Unshielded Twisted Pair) where available in the local community. The SO shall also supply associated terminals and distribution boxes to be designated only for Government use for each unit. The location within the units shall be the same as for the regular telephone boxes. The Government shall own and maintain the terminals, cable, and the distribution box after installation. Telecommunication standard 568A shall apply to dedicated Government cable. The Senior Officer unit designs (O-6 pay grade) shall provide ample area for entertaining dignitaries and officials.

**Table 5 – Senior and General Officer Quarters**

	<b>Four Bedroom</b>	
	<b>O-6</b>	<b>O-7 TO O-10</b>
<b>Number of Units</b>	<b>X</b>	<b>X</b>
<b>Minimum Gross Square Feet *</b>	<b>2110</b>	<b>2600</b>
<b>Programming Benchmark Gross Square Feet*</b>	<b>2520</b>	<b>3330</b>
<b>Maximum Gross Square Feet *</b>	<b>2920</b>	<b>4060</b>
<p>*All interior spaces within the exterior faces of exterior walls of housing units with the following areas of exclusion: carports and garages, exterior bulk storage (detached), trash enclosures, porches, terraces, patios, balconies, and entrance stoops</p> <p>Garages: 2 car for detached homes</p>		

**3.3.5.2.5 Attached Units**

Stacked units are not acceptable. No more than six dwelling units per building shall be constructed. Units shall include privacy features including, but not limited to, sound transmission class rating of 50 between units.

**3.3.5.2.6 Parking and Roads**

All units shall have provisions for parking two vehicles off-street. Additional parking spaces shall be provided throughout the neighborhoods for guest parking at a rate of 1 parking space for every 2 units. All attached units shall have a one-car garage with an automatic door opener. All single-family detached units shall have a two-car garage with an automatic door opener.

All roads and turns shall be large enough to allow moving trucks, fire trucks, etc. to adequately move around the community as needed, and all roads and parking areas shall have adequate snow stacking capacity and storm drainage.

**3.3.5.2.7 Privacy**

All units shall have patios with screened fencing and/or landscaping to provide a private area in the rear of each unit.

**3.3.5.2.8 Window Treatments**

Offerors shall provide window coverings (such as mini-blinds) in all units.

**3.3.5.2.9 Floor Finishes**

All units shall have high quality, durable, low-maintenance hard finish flooring in kitchen, informal dining area, wet areas, and high traffic areas.

All units shall have carpet in bedrooms and other living areas.

#### 3.3.5.2.10 Appliances

All appliances shall be energy-efficient, new, and from an established manufacturer. Each housing unit shall be provided with the following items:

- Combination refrigerator/freezer (minimum 18 cubic feet (CF) for 2-bedroom units and 21 CF for 3- and 4- bedroom units)
- Built-in two-level dishwasher
- Built-in microwave oven
- 4-burner stove with self-cleaning oven, view window, and vent hood
- Garbage disposal
- Carbon monoxide detector
- Interior floor space and connections shall be provided for a full size washer, dryer (electric and natural gas connections), and
- Interior floor space and connections for a full-size freezer.

#### 3.3.5.2.11 Equipment

All units shall be provided with high-energy efficient heating and ventilation. Central air conditioning systems shall be new and from an established manufacturer.

#### 3.3.5.2.12 Telephone and Cable

All residential units shall be prewired for cable television and telephone jacks. Telephone systems shall be in accordance with those standards set forth by the local telephone company. Each bedroom, living area, and kitchen shall have one phone jack that can accommodate two lines and one cable outlet. The coordination of equipment locations and final design of utilities and services is subject to final approval by the Government.

#### 3.3.5.2.13 Mailboxes

The SO shall provide cluster mailboxes for all units in accordance with U.S. Postal Service regulations. Single mailboxes for the Senior Officer Housing, General Officer Quarters, and Prestige Family Housing units shall be provided.

#### 3.3.5.2.14 Utilities

All new utility systems shall be designed and constructed by the SO. The SO shall coordinate all tie-in locations with the Government. The SO shall provide for the installation of all utility meters. All newly constructed units must have individual electric and natural gas meters. Utilities shall be connected to a utility provider by the SO by the end of the construction period.

#### 3.3.5.2.15 Termites

New foundations shall have soil treated for termites in accordance with state law, to include a certificate of termite treatment by the provider.



#### 3.3.5.2.16 Exterior Features

- Easily accessible hose bibs and exterior electrical outlets on the front and rear of the house
- Hidden trash container storage area

### 3.3.5.3 Desired New Housing Construction Features

The desires listed below are in descending order of importance.

- Three-bedroom units in lieu of two-bedroom units
- Newly constructed units in lieu of renovated units
- Additional square footage above the programming benchmark
- Access to front and rear of unit through house and garage
- More single-family units in lieu of multiplex units
- Reduced number of dwelling units per building
- Walk-in clothes closets
- Double sinks in bathrooms
- Ceiling fans with light fixtures
- Overhead lighting in all rooms, switched at the entry door
- Programmable thermostats
- Built-in microwave ovens

### 3.3.6 Renovation

#### 3.3.6.1 General Guidelines for Renovation

General Guidelines for New Construction (Section 3.0) shall be used to the extent possible in the renovation of existing units.

**Table 6 – Basic Renovation Requirements**

	Parcel A		Parcel B		Parcel C	
Neighborhood/Increment	1	2	3	4	5	6
Number of Units	XXX	XXX	XXX	XXX	XXX	XXX
Repair Wet Basements and Foundations	X	X	X	X	X	X
Repair Drainage/Grading	X	X	X	X	X	X
Repair Streets	X	X	X	X	X	X
Refurbish Kitchens	X	X	X	X	X	X
Refurbish Bathrooms	X	X	X	X	X	X
Floor treatments High-quality, durable, low-maintenance hard finish flooring in kitchen, informal dining area, wet areas, and high traffic areas Carpet in bedrooms and other living areas	X	X	X	X	X	X
Replace interior doors	X	X	X	X	X	X
Install an alternate exit door from the unit types	X	X	X	X	X	X
Replace interior light fixtures	X	X	X	X	X	X
Replace windows	X	X	X	X	X	X
Replace roofing	X	X	X	X	X	X
Upgrade wiring	X	X	X	X	X	X
Install new miniblinds	X	X	X	X	X	X
Install new water, natural gas and electric meters with new service wire from weatherhead to panel	X	X	X	X	X	X
Remove street lighting electrical supply from unit service panel and provide alternate source	X	X	X	X	X	X
Add interior storage	X	X	X	X	X	X
Install new storm doors	X	X	X	X	X	X
Construct new exterior storage/expand patio	X	X	X	X	X	X
Install privacy screening between units	X	X	X	X	X	X
Replace downdraft furnace with upflow Heating, Ventilation, and Air Conditioning (HVAC)	X	X	X	X	X	X

**3.3.6.2 Desired Renovation Features**

Desired features listed below are in descending order of importance.

- Three-bedroom units in lieu of two-bedroom units
- Newly constructed units in lieu of renovated units
- Additional square footage above the programming benchmark

- Access to front and rear of unit through house and garage
- More single-family units in lieu of multiplex units
- Reduced number of dwelling units per building
- Walk-in clothes closets
- Double sinks in bathrooms
- Ceiling fans with light fixtures
- Overhead lighting in all rooms, switched at the entry door
- Programmable thermostats
- Built-in microwave ovens

### 3.3.7 Conveyed Utilities and Infrastructures (Parcel A and B)

[This section is reserved for requirements and desires when the primary utilities and infrastructures will also be conveyed to the SO, i.e., electric, water, sewer, natural gas, pavements, storm drainage.]

The electric, natural gas, steam heat, and water collection systems, and the sanitary wastewater collection system servicing Parcels A and B and expanded areas as indicated in Technical References (Appendix F) will be conveyed to the SO. Also conveyed will be all associated pavements, street lighting, and storm drainage. The utility commodity provider shall supply the utility commodity in accordance with approved tariffs, statutes, and regulations. All costs to install new utility services or to relocate existing utility services shall be the responsibility of the SO. All new exterior utilities installed by the SO shall be located underground.

#### 3.3.7.1 Electric Requirements

Electricity is supplied to Basename AFB under the terms of a [insert local terms of Basename and Basecity power companies].

[Provide system information (i.e., address overhead/underground distribution, primary/secondary lines, transformers, street lighting, equipment pad-mounting, transformer construction, transformer connection, base distribution system requirements, primary cable requirements, padmounted switch specifications, manhole specifications, manhole location requirements, etc. See the riser diagram and system site plan provided in Technical References (Appendix F).]

### 3.3.8 Construction Management Plan

Offerors shall propose a Construction Management Plan to ensure quality control in design and construction of this project. The plan shall establish procedures for coordinating, updating, and implementing design and construction schedules. The Construction Management Plan shall address, but is not limited to, the provisions of the Lease of Property (Appendix U) and the Use Agreement (Appendix X) and those items listed below.

#### 3.3.8.1 Design Review Conferences

Plans shall, at a minimum, include the following:

- 35% design session, and review conferences at both the 65% and 100% design complete stages

- Transition Plan
- Demolition Plan
- Job Site Safety Plan (narrative that explains how job safety will be assured throughout the life of the project)
- Civil and site utility plans and details
- Environmental Plan
- Detailed layout of recreational areas
- Landscaping plans
- Foundation and framing plans
- Unit floor plans, elevations, and sections
- Unit material finish schedules and samples
- Floor plans and elevations of supporting facilities (as applicable) for compatibility review.

#### **3.3.8.2 Schedules**

Design and construction schedules shall show an integrated transition plan identifying all phases of design, demolition, construction, utilities, movement of residents, etc. The Government may pay for one Government-directed move per family. It is desired that military families residing in existing units be required to move no more than once. The SO shall pay for additional forced moves.

#### **3.3.8.3 Environmental Quality Controls and Procedures**

Plans shall show compliance with applicable federal, state, and local environmental laws and regulations.

#### **3.3.8.4 Pre-Construction Conference**

A Pre-Construction Conference shall be held in conformance with the provisions of the Lease of Property (Appendix U) and Use Agreement (Appendix X). Topics for discussion shall include, but are not limited to:

- Phasing of demolition and construction
- Provision for and location of field offices and fenced material and/or storage yards
- Utility cutovers (new and existing)
- Location for project sign to be erected by the Offeror
- Coordination and approval of haul routes and disposal sites
- Issuance of permits
- Site security and access
- Final construction schedules.

### 3.3.8.5 **Quality Control**

The SO shall maintain in effect throughout the period of construction for all new and renovated units an effective quality control program in conformance with the provisions of the Lease of Property (Appendix U) and Use Agreement (Appendix X). The Government or the Government's representative will have full construction surveillance rights under the Lease of Property (Appendix U) and Use Agreement (Appendix X) to ensure compliance with applicable standards and codes and compliance with approved design standards and the SO's proposal. The Government's rights will be exercised through representative agents or employees. A Certificate of Compliance will be provided by the Government or the Government's representative when the SO has complied with the Final Plans to the Government's satisfaction.

### 3.3.8.6 **Transition Plan**

#### 3.3.8.6.1 **Transition Plan**

The Offeror shall propose a detailed transition plan that outlines the proposed schedules and actions to occur during the transition period. The plan shall include, but not be limited to, project development, phasing out of existing units, how Offeror intends to maintain the availability of units, how Offeror plans to structure the phasing of the utilities and services, and methodology for providing utilities and services during and after the transition period.

The Successful Offeror shall notify current housing occupants of the means for establishing leases prior to / immediately after closing and utility billing procedures. The goal of this plan will be to ensure that housing occupants experience a "seamless" transition from Government to Successful Offeror ownership.

#### 3.3.8.6.2 **Unit Availability**

Following the closing of the transaction, the project will enter into a transition period (up to XX years) during which units will be demolished or renovated and new units constructed. The number of units available to military families during the transition period will gradually be increased/reduced from XXX to XXX units. At all times during the transition period, at least XXX units must be available for military families to meet the Project Demographics Criteria.

#### 3.3.8.6.3 **Utilities**

[Describe how utilities will be provided during the transition period. Sample language shown.]

The SO may obtain utility services from private sources or the Government. All costs to relocate utility services shall be the responsibility of the SO. All new exterior utilities shall be located underground. The Government intends to convey all utilities within the housing areas unless conditions warrant retention for economic or mission reasons. The SO shall accept existing utilities systems within the leased premises in present condition and perform required maintenance, repair, and capital improvements over the duration of the 50-year agreement. Installation and maintenance of individual meters and bulk meters will be the responsibility of the SO. All new utility systems installed by the SO will be owned and operated by the SO.

It is expected that the Government will continue to be the sole utility provider to all the housing areas unless the base-wide utility commodity system is privatized under a separate transaction. Until then, the electricity and gas will be charged at the non-DoD non-federal rate. The water and sewer service will be billed on an estimated share basis at the non-DoD non-federal rate. The SO will pay the non-DoD non-federal rate for all utilities that are used in shops, offices, empty units, etc. Basename AFB will not have individual sales agreements in place with the tenants. Any utility agreements will be completed under an agreement between Basename AFB and the SO. The SO shall be responsible for collecting all utility payments and any unpaid bills from the tenants. The SO shall also reimburse the Government for actual usage once a month.

- Immediately upon closing, the SO becomes responsible for reimbursing the Government for utility consumption in accordance with Air Force Instruction (AFI) 32-1061, *Providing Utilities to US Air Force Installations*. The SO shall install meters on Government-retained facilities to determine actual utility usage by those facilities. Until meters are in place on Government-retained facilities, the Government will deduct an estimated amount from the overall area utility usage for these facilities. The SO shall provide each tenant with a written estimate to give them an idea of what part of their rent is paid toward utilities.
- As replacement and renovation work proceeds, the SO shall install natural gas and electric meters for each unit. All facilities must be metered before the end of the construction/renovation period. As meters are installed, tenants shall be provided information about estimated and actual usage.
- When all unit meters are installed, the tenants shall begin paying natural gas and electric bills to the SO based on actual or estimated consumption. Rents paid to the SO by military families shall be computed using the formula:  $BAH - 110\% \text{ of Average Utilities Costs} = \text{Rent}$ . However, while the Government continues to provide utilities, the SO shall be the billing and collection agent for the Government.
- During the period of time that the Government furnishes utilities, all tenants will be billed at the non-DoD non-federal rate. Current Government utility rates are included in Utility Sales Rates (Appendix E). When the utility systems are privatized, the SO and the tenants shall pay the utility bills at market rates directly to the new utility provider.

### 3.3.8.7 **Demolition Plan**

#### 3.3.8.7.1 **General Guidelines**

Offerors shall establish and implement a Demolition Plan as part of the overall Construction Management Plan. The Demolition Plan shall provide a phased approach to demolition of existing units, appurtenances, and infrastructure.

#### 3.3.8.7.2 Facilities

All facilities scheduled for demolition are as indicated in Existing Inventory (Appendix B). Unless otherwise indicated, after demolition is complete, the SO shall grade to drain and seed all areas not scheduled to receive new construction.

#### 3.3.8.7.3 Utilities

The SO shall remove all aboveground utilities on **Parcel A/B/C**. Underground utility mains scheduled for demolition may be capped at the main and abandoned in place; however, the SO shall remove all laterals. Unless otherwise indicated, after demolition is complete, the SO shall grade (cut and fill as necessary) to drain and seed all areas not scheduled to receive new construction. The SO shall provide “as-built” drawings to the Government showing where utilities have been capped and abandoned.

#### 3.3.8.7.4 Roads and Fences

The SO shall completely remove all roads and fences scheduled for demolition. Unless otherwise indicated, after demolition is complete, the SO shall grade (cut and fill as necessary) to drain and seed all areas not scheduled to receive new construction.

#### 3.3.8.7.5 Haul Routes

All haul routes shall be submitted by the SO to the Government for approval prior to the commencement of any demolition.

#### 3.3.8.7.6 Disposal Site

There **is/is not** a landfill available on the **Basename** AFB. All debris must be hauled to a government-approved site off the Installation. Recycling is highly encouraged. The SO shall research and pursue economical means of selling or recycling construction and demolition debris.

### 3.4 **PROPERTY MANAGEMENT**

Ability to properly manage the proposed project is critical to the long-term viability of the development. The SO's approved, final plans identified in this section are to be incorporated into the Operating Agreement (Exhibit E of Appendix U) to govern day-to-day Property Management of the project.

#### 3.4.1 **Property Operations and Management Plan**

Offeror shall establish a Property Operations and Management Plan for the privatized housing throughout the 50-year project term. The plan shall describe the approach to day-to-day operations of the housing development. The plan shall encompass on-site property management staffing and functions, occupant relations, interface with the Management Review Committee (MRC) and other property management requirements. The Offeror shall also include a copy of the Property Management Contract. The MRC is discussed in the Lease of Property Operating Agreement (Exhibit E of Appendix U). The on-site property management office shall be staffed with professionally trained management and maintenance staff who will interface with military members and their families. The property manager shall be certified by a nationally recognized professional property management association. The fee for the property manager shall be

expressed as a percentage of gross rents and shall compensate the property manager for the provision of all services.

### **3.4.2 Unit Occupancy Plan**

Offerors shall establish a Unit Occupancy Plan to include, but not be limited to, maintaining demographics and the requirements of this section. The Government will not guarantee occupancy of the units. However, the Basename AFB Housing Management Office (HMO) will provide Referral Tenants. All military personnel assigned to the local area are required to process through the Basename AFB HMO upon arrival prior to signing a lease for housing. Freedom of housing choice (except where restrictive sanctions apply) shall be preserved. The SO shall compile and maintain a waiting list per the Lease of Property (Appendix U).

#### **3.4.2.1 Referral Tenant**

A Referral Tenant is anyone referred by the Basename AFB HMO. The SO will be responsible for providing monthly waiting and vacancy lists to the HMO.

#### **3.4.2.2 Other Eligible Tenants**

##### **3.4.2.2.1 Vacancy Rates**

After the transition period, if the Vacancy Rates have exceeded 5% as defined in Section 3.0 for more than three consecutive months the SO may rent to Other Eligible Tenants at unrestricted rent in accordance with the Operating Agreement Exhibit E of Appendix U). In other words, if the Vacancy Rates are exceeded and the Basename AFB HMO has no one to refer to a particular unit, then the SO may fill the vacancy with Other Eligible Tenants as shown in Table 7 below. If this situation occurs, the SO shall fill only that number of vacant units necessary to bring the vacancy rate to 5%. For example, if a 5% vacancy rate is equivalent to 41 vacant units and there are 42 vacant units for three consecutive months, then the SO may fill only one unit with another eligible tenant, thus reducing the vacancy rate to 5%.

The Government may agree to permit any Other Eligible Tenant to occupy vacant units if the units are not required by Referral Tenants even though more than 95% of the units are occupied. Tenant lease agreements to Other Eligible Tenants will be limited to a one-year duration or less in the initial fill.

##### **3.4.2.2.2 Advertisements**

The SO shall begin advertising for prospective tenants once the Vacancy Rate exceeds 5 percent. The HMO should work with the SO to ensure sufficient advertisement for prospective tenants is publicized in the local media. When advertisement for 60 days or more fails to produce a sufficient quantity of applicants in categories 1 through 6 as described in Table 7 below, the SO may advertise to category 7 (General Public) with prior written notice to the Government.



**Table 7 – Priority List For Other Eligible Tenants**

<u>OTHER ELIGIBLE TENANTS (listed in descending order of priority)</u>	
1. Other Active Duty Military Member/Families, including	Unaccompanied Military Members
2. Federal Civil Service Employees	
3. Retired Military Members/Families	
4. Guard and Reserve Military Members/Families	
5. Retired Federal Civil Service	
6. DoD Contractor/Permanent Employees (US Citizens)	
7. General Public	

### 3.4.2.3 **Housing Unit Offerings**

Units shall be offered not less than 30 days prior to estimated certification of occupancy or within two days after notice of intent to vacate, whichever is applicable. Military members of the appropriate grade on the housing waiting list shall be considered by the SO to fill projected housing vacancies. The SO shall offer the unit to the appropriate grade individual at the top of the waiting list. A military member under obligation to give their current landlord 30 days notice of their intent to vacate shall be allowed to sign a lease with the SO at least 30 days prior to the effective day of the lease. Acceptance or rejection of the SO's housing unit will be the sole decision of each prospective tenant.

### 3.4.2.4 **Waiting List Management**

The SO will maintain specific waiting lists by grade/category, bedroom requirement, and type of housing requested. The SO should refer to AFI 32-6001, Chapter 5, *Housing Applications and Waiting Lists* for additional waiting list management information. The waiting list will be updated bi-weekly and a copy provided to the HMO weekly for posting. The SO will also post the list at their place of business.

#### 3.4.2.4.1 **Exhausted Waiting List for Referral Tenants**

In the event the waiting list for the desired category has been exhausted, the SO may elect to hold the unit vacant awaiting an appropriate ranking military member, or subject to approval by the Government, offer the unit to a military member from a higher or lower category. However, if this is done and the result is a lease with a member of a different category than originally targeted, the unit-based target rental rate for that unit will be adjusted (up or down) accordingly to match the BAH rate of the member assigned the unit, and the next vacancy from that particular category that was offered the unit will then be filled from the list of the original requirement. Example: If an E-5 is offered an E-6 unit-based house and accepts it, then the E-5 would pay an E-5 "with dependents" BAH rental rate and the next available E-5 house would be offered to an E-6 who would pay a rental rate at the E-6 "with dependents" BAH rental rate to balance the demographic requirements for the project.

#### 3.4.2.4.2 Assignment to Relieve Hardship

The Installation Commander or designated representative can approve out-of-turn assignments when hardship conditions exist. If approved, the member is assigned the next uncommitted unit regardless of target category available. If the assignment is out of the members target category, then exhausted waiting list rules apply as outlined in Section 3.0.

#### 3.4.2.4.3 Handicap Accessible Units

Military members who require handicap accessible units will be assigned such a unit, regardless of target category available. If the assignment is out of the members target category, then exhausted waiting list rules apply as outlined herein. If a handicapped accessible unit is occupied by tenants who are not handicapped, they will be required to vacate the unit or another unit will have to be provided that would meet the needs of the handicapped tenant.

### 3.4.2.5 Vacancy Rates

Vacancy rates shall be determined by dividing the total number of vacant available units by the total number of available units in the required inventory. A unit shall not be considered available when: (a) it is undergoing change of occupancy, maintenance, or repairs that prohibit occupancy, (b) a new unit does not meet the construction standards contained herein, as determined by the Government, (c) a renovated unit does not meet the construction standards contained herein, (d) it is within 30 days after the issuance of a Certificate of Compliance or equivalent, (e) it is under a signed lease, or (f) it is an unoccupied Key and Essential's unit.

The Offeror will be expected to report occupancy data to the HMO on a monthly basis using a format similar to an AF Form 1326-Change of Occupancy Record or an automated replacement approved by the Government. The SO may be offered the use of the Air Force's ACES-HM work management system.

### 3.4.2.6 Change in Tenant Status

The rent for any housing unit shall be no greater than the BAH for members with dependents of the pay grade designated for the particular unit, minus the utility allowance for such housing unit. In the event of promotion or demotion, the member may request a move to the category of housing which is appropriate for his/her rank; the move would be voluntary and at the member's expense. In the event the member is no longer eligible for housing, the member shall terminate his or her lease with 30-days notice.

Tenants shall notify the SO within 30 days of change in eligibility status (i.e., dependants vacate property, loss of dependants, divorce or separation).

### 3.4.2.7 Retention and Termination of Assigned Housing

The Government's intent is that eligible members keep privatized housing for the duration of their tour at the installation unless there are reasons which justify reassignment, retention or termination. Requests for retention are submitted to the Installation Commander or designee for approval or disapproval. The SO should refer to

AFI 32-6001, Chapter 7, *Retention and Termination* for additional retention and termination guidance.

Under normal circumstances, the eligible member will still be receiving BAH and it will be transparent to the SO. There are circumstances that retention of quarters will be approved and the eligible member will not be entitled to BAH. Under these circumstances, the eligible member will be required to pay a rental charge directly to the SO. The rental charge will equal the rental rate that the eligible member was paying before the action that made them ineligible for BAH.

Military members may voluntarily terminate privatized housing for personal reasons after fulfillment of the mandatory one-year tenancy. After the one-year tenancy, eligible members' leases will revert to a month-to-month lease.

#### **3.4.2.8 Tenant Lease**

The Tenant Lease shall include provisions for: change of occupancy cleaning; pets; in-home child care and other business operations; facility modifications by tenant; tenant regulations regarding use, storage, and disposal of environmentally hazardous materials; tenant leases/eviction/dispute resolutions in accordance with the laws of the State of **Basestate**; termination of the tenant lease agreement upon barment of a tenant or tenant family member from the Installation (applicable during the term of the project); military clause; itemization of fees and charges (if any) which may be imposed upon a tenant and the purpose for such; and changes in dependent or marital status. A list of clauses to be included in the tenant lease is attached as Mandatory Tenant Lease Clauses (Appendix W).

#### **3.4.2.9 Social Visits**

By Government standards, units are classified as single-family dwellings; therefore, occupancy by more than one family is not authorized. Relatives of the Tenant or the Tenant's spouse are considered normal residents of the household (as defined in Attachment 1 to AFI 32-6001, under the term "Dependent") and are not social visitors, regardless of the period of stay.

Social visits of military personnel assigned to the Installation and civilians residing outside the commuting area are limited to 30 days. Social visits by personnel residing within the commuting area are limited to no more than two days.

#### **3.4.2.10 Tenant Application and Vacating Procedures**

Offerors shall develop a tenant application, check-in and vacating procedures, and related forms.

The Successful Offeror shall not assess damages to occupants vacating units unless a baseline condition assessment was held at the time of signing of the lease and at the time of vacating the unit. Similarly, the Successful Offeror shall not assess damages to occupants vacating units if the damages would otherwise be repaired or replaced through a scheduled renovation or replacement prior to occupancy by another tenant.

#### **3.4.2.11 Tenant's Renters Insurance**

At the time of the execution of the Tenant Lease, the Successful Offeror shall advise the Tenant in writing and the Tenant shall acknowledge that neither the Government nor the Successful Offeror insures the personal property and leasehold improvements of the

Tenant and that it is the sole responsibility of the Tenant to apply for and maintain at all times renter's insurance. At the same time the Successful Offeror shall at its sole cost and expense make available to the Tenant, upon application of the Tenant and acceptance by an insurer, at the time of the execution of its Lease application, a non-deductible all-risks property and casualty insurance policy in an amount of not less than coverage afforded residents of Military Family Housing under the Military Personnel and Civilian Employees Claims Act, 31 U.S.C., Section 3721, including theft coverage, written at replacement cost value and with replacement cost endorsement, covering the Tenant's personal property in the Premises including, without limitation, any property removable by Tenant under the provisions of this Lease and all leasehold improvements installed in the Premises by or on behalf of Tenant. The Successful Offeror shall not be responsible for providing supplemental coverage or costs for coverage provided by a different policy.

### **3.4.3 Rental Rate Management Plan**

Offerors shall establish a Rental Rate Management Plan which shall include, but not be limited to, the requirements of this section.

#### **3.4.3.1 Rental Rates for Referred Accompanied Active Duty Military Tenants**

Unit rents will be fixed by unit type and shall not exceed the BAH "with dependent" rate of the military grade for which the particular unit was designated less a utility allowance as defined herein. Offeror shall develop a Rental Rates Schedule based on the number of units, grades, and unit types found in Table 3. Rents shall include water, sewer, refuse collection, ground maintenance for common areas, and operations and maintenance of the project. BAH is paid in arrears; therefore, rent will be paid in arrears. Utility meters will be installed on a unit within 12 months of award, upon completion of new construction, or upon completion of renovation, whichever is later. Once utilities are metered, the SO will collect utility statistics for a five-year running average and use the historical information to determine the utility allowance for each unit type. The SO will pay all member utilities until such time that utility meters are installed on each housing unit and the five-year running average is computed. While the SO is paying all the utility costs, the member will surrender his or her entire BAH to the SO. In these cases, rent shall not exceed BAH. The SO shall grandfather current occupants from paying out-of-pocket expenses for residing in a unit targeted for a higher grade (e.g., an E-5 living in an E-6 unit).

#### **3.4.3.2 Rental Rates for Other Eligible Tenants**

The SO will charge the unrestricted BAH "with dependent" rate to active military members identified in Table 7 – Priority List For Other Eligible Tenants and may charge unrestricted rent to Other Eligible Tenants who are not active military members. However, at no time shall rent be lower than that charged to accompanied active duty Referral Tenants for that unit.

#### **3.4.3.3 Requirements for Designated Quarters**

Incumbents of certain key and essential positions are required to reside in specific privatized housing units ("designated quarters") as a matter of military necessity or as a condition of employment. The positions are identified by the Government and usually include Special Command Positions (SCP) and Command Positions.

The SO shall provide for the following individuals to occupy designated quarters subject to the Government's prior written approval:

**Table 8 - Designated Quarters Assignments**

DESIGNATED QUARTERS	POSITION (BASE SPECIFIC)
XX	XX
XX	XX

#### 3.4.3.4 Requirements for Key and Essential Personnel

There are XX Key and Essential Personnel, of which XX personnel are assigned to designated units.

The Installation Commander determines which positions are considered Key and Essential and identifies them in a base supplement to AFI 32-6001, *Family Housing Management*. Specific quarters are not designated for Key and Essential positions. However, as determined by the Installation Commander, certain areas or groups of houses may be reserved for specific Key and Essential Personnel. Quarters in these areas should not be held vacant for greater than ninety (90) days awaiting the arrival of Key and Essential Personnel. Key and Essential Personnel who do not have a unit available to them upon arrival to the base move to the top of the appropriate waiting list. The SO should refer to AFI 32-6001, Chapter 3, Housing Requirements for Designated Positions and Key and Essential Personnel for additional guidance.

When members are assigned to Special Command, Command, or Key and Essential Positions and are single or not accompanied by family members, and there are no other on-base facilities (i.e., Visiting Officer Quarters (VOQ) or Unaccompanied Officer Quarters (UOQ)), they may be assigned privatized family housing. Approximately 10% of the identified positions and personnel may be single or not accompanied by family members. In the event these members receive BAH at the "without dependents" rate or are not accompanied by dependents, then the members shall pay rent at the BAH "without dependents" rate. The SO shall accept rent at the "without dependent" rate BAH less a utility allowance.

#### 3.4.3.5 General Officer Quarters (GOQ) and Special Command Positions (SCP)

Projects may contain designated units as GOQs and SCPs. GOQs and SCPs receive close scrutiny from both the private and public sectors, with special congressional interest. GOQs follow the same assignment and vacancy criteria described in the Requirements for Designated Positions and Key and Essential Personnel section above.

If required, the Government may authorize and fund permanently installed or removable communication and antiterrorism/force protection requirements in the development in addition to what has been identified in the project documents.

#### 3.4.3.6 Utility Allowance

The utility allowance is intended to enable occupants to pay the cost of utilities (electricity and natural gas) directly to the utility providers. The SO shall pay for water, sewer, and refuse collection. The monthly utility allowance is calculated as 110% of

estimated average utility consumption multiplied by actual utility rates. Offerors shall compute estimated average utility consumption for each unit type. Offerors shall propose these calculations in detail for evaluation by the Government.

#### **3.4.3.7 Rent and Utility Allowance Changes**

The Government's intention is that an individual tenant's rent should only change once a year when his or her lease is renewed. The SO shall incorporate provisions into the lease to ensure a single, annual rent adjustment due to changes in BAH and utility allowances. Upon the annual changes in the BAH, each tenant will be responsible for contacting his or her local military pay office to change his or her allotment. All changes in rent and utility allowances are subject to the Government's prior written approval. The Basename AFB HMO will provide an annual list of military members with their appropriate ranks to the SO.

BAH Changes. The Government generally publishes these changes in December or early January of each year.

Utility Allowance Changes. The SO shall submit to the Government its calculations for the monthly utility allowance for each unit type for Government approval by the first of December each year. For example, the consumption provided on December 1, 2001, and the utility rates in effect on December 1, 2001, shall be used to set the utility allowance for 2002. For the first five years after the construction or renovation of a unit, the SO shall utilize the calculations and supporting documents from the following Web site: <http://www.homeenergysaver.lbl.gov> to determine the consumption. For the sixth year and all subsequent years, the consumption will be determined by the previous five-year moving average annual consumption. The estimated consumption component of the utility allowance can also change when any of the following occur:

- Major renovations
- Energy saving devices and/or appliances are installed, removed, or otherwise affected
- Average actual annual consumption for any unit type is 15% greater or less than the estimated annual consumption for that unit type.

#### **3.4.3.8 Utility Rate Spikes**

The SO shall include payment plans for certain increases in the utility costs ("Additional Utility Costs") for electricity, water, sewer, natural gas, and steam heat (the "Applicable Utilities") as a direct result of a utility rate increase with respect to the Applicable Utilities, or the aggregate rates for such Applicable Utilities for the applicable year has increased by an amount in excess of the percentage increase in the BAH.

#### **3.4.3.9 Rates for Government Supplied Utilities**

If the Government furnishes utilities, all tenants will be charged the non-DoD non-federal rate. Current utility rates are included in Utility Sales Rates (Appendix E). In this instance, the SO shall read utility meters and bill tenants directly. The SO shall pay a single bill to the Government monthly.



#### **3.4.3.10 Tenant Security Deposits**

No tenant security or pet deposits from Referral Tenants will be permitted. The SO may require security deposits and/or fees from Other Eligible Tenants for damage, cleaning, and pets, provided that the total of the deposits and fees shall not exceed the monthly rent in effect at the time the Tenant Lease is signed. All fees and deposits must be disclosed to the Government. Retention of tenant deposits and notices relating to them must comply with local and state laws.

#### **3.4.4 Facilities Maintenance Plan**

Offeror shall establish a Facilities Maintenance Plan for the housing units and other facilities (including all common grounds, units, and support facilities). The SO shall maintain housing in such a manner that the development will prove attractive to military members and their families and ensure high occupancy rates over the term of the project. The following types of maintenance are the minimum that shall be addressed in the Offerors' Facilities Maintenance Plan:

- Service Response (Emergency, Urgent, and Routine)
- Nationally certified or accredited management staff, in addition to certified property manager
- Preventive Maintenance and Repair
- Change of Occupancy Maintenance (COM)
- GOQ Maintenance
- Vacant Units Maintenance and Repair
- Infrastructure (Streets and Utilities) Maintenance and Repair
- Grounds Maintenance (individual yards, common and recreational areas)
- Tree and shrub maintenance at units (foundation plantings) and common areas (including tree trimming, dead tree/plant replacement)
- Curbside Refuse Collection, Bulk Trash (Christmas trees, etc.) Collection, and Recycling,
- Snow and Ice Removal
- Entomology and Pest Control
- Lockout and Key Services
- Safety and Security
- Personnel (Property Manager and On-call Emergency personnel and plan)
- Quality Control (procedures and customer feedback).

##### **3.4.4.1 Desired Facility Maintenance Features**

Desired features listed below are in descending order of importance.

- Operation of a Self-Help Store
- Hazardous waste pick-up
- Snow removal on all individual sidewalks and driveways
- Complete yard service

**3.4.4.2 Maintenance Management**

The Plan shall provide a local maintenance manager responsible for work performance. The maintenance manager or alternate shall be available by telephone for 12 hours a day Monday-Sunday between the hours of 6:00 a.m. and 6:00 p.m. The maintenance manager shall have at least three (3) years of multifamily development maintenance management experience.

**3.4.4.3 Quality Control**

Offerors shall include quality control provisions for evaluation and review. The provisions shall include, but not be limited to, a description of the inspection system to cover all maintenance services, frequency of inspections, control procedures, and methods for identifying and preventing defects in the quality of service performed. The provisions shall also describe the type of records to be maintained for document inspections and corrective or preventive actions and proposed maximum response times and completion goals for each maintenance area.

**3.4.4.4 Service Responses**

The SO shall be available to respond to service calls during the hours indicated below in Table 9. Service responses by category are shown in Table 10 below.

**3.4.4.4.1 Emergency Service**

Emergency service shall consist of correcting failures or deficiencies that constitute an immediate danger or health hazard to occupants or threaten severe property damage. If the breakdown, stoppage, or loss of a critical system or equipment may endanger life or property, a highest priority response shall be assigned to the problem. Examples of emergency service calls include breaks in water, wastewater, or natural gas lines, natural gas leaks, equipment failures, utility outages, and doors and windows that cannot be secured. Emergency responses may be downgraded after an initial response mitigates the immediate hazard and the threat to life, health, or safety.

**3.4.4.4.2 Urgent Service**

Urgent service calls shall consist of correcting failures that do not immediately endanger the occupants or threaten damage to property, but that would soon inconvenience and affect the health and well-being of the occupants.

**3.4.4.4.3 Routine Service**

Routine service includes maintenance or repair actions that do not meet the criteria of an emergency or urgent service call.



**Table 9 – Service Responses – Hours of Operation**

CATEGORY	AVAILABILITY
Emergency Service	7 days a week, 24 hours a day
Urgent Service	7 days a week, 12 hours a day, between 6 a.m. and 6 p.m.
Routine Service	Monday – Friday, 12 hours a day between 6 a.m. and 6 p.m.

**Table 10 – Service Responses – Response and Completion Times**

CATEGORY	RESPONSE TIMES (a)	COMPLETION TIMES
Emergency Service	One Hour	One Day
Urgent Service	24 Hours	5 Days
Routine Service	5 Calendar Days	15 Calendar Days
(a) Response time includes contacting resident, appraising the problem, and scheduling a solution.		

#### 3.4.4.5 **Recurring and Preventive Maintenance and Replacement**

The SO shall accomplish recurring and preventive maintenance and replacement on all development assets to ensure that the development remains attractive and functionally sound throughout the term of the project. The SO shall perform maintenance, repair work, and cleaning to meet commercial standards and manufacturers' written recommendations; and conform to applicable federal, state, and local codes and standards.

#### 3.4.4.6 **Change-of-Occupancy Maintenance (COM)**

The SO shall provide COM on housing units to repair any damaged or inoperable components, to ensure all components are in good working order, and to ensure units are aesthetically pleasing and clean. During change of occupancy, the SO shall ensure all equipment is in proper working order, paint interior and exterior of units where necessary, replace damaged floor covering, and ensure complete cleaning. The Government shall review and approve COM standards prior to implementation by the SO.

#### 3.4.4.7 **GOQ Maintenance**

Maintenance of GOQs is an area of significant concern for the United States Air Force. The Air Force requires that every government-owned GOQ in the active inventory report their maintenance, repair, and minor alteration costs on a quarterly and annual basis. Statutory constraints require that any expenditures exceeding \$35,000 per year be reported to the Congress.

For privatized GOQs these statutory requirements do not apply; however, the SO should follow a "prudent landlord" concept, accomplishing work to keep the quarters comfortable and protect the significant investment in these homes. The SO shall prepare a GOQ appendix to the Capital Repair and Replacement Plan that details all programmed maintenance repair, service, and minor alteration requirements as

described in the Individual Facility Profile (IFP). The IFP will be available for review at the Installation. Upon the completion of any program work during the annual execution of the Capital Repair and Replacement Plan, the SO should validate the program and actual costs and report any cost overruns to the HMO. The HMO shall provide formats associated with cost reporting and validation.

For those costs not associated with the Capital Repair and Replacement Plan the SO will follow approval levels set forth in AFI 32-600X, *Privatized Housing*. The SO will not start any work associated with GOQs until he or she receives written approval from the HMO.

The SO is responsible for monitoring costs and providing quarterly reports on expenditures covered under Section 3.0.

#### **3.4.5 Capital Repair and Replacement Plan**

The Offeror shall establish a Capital Repair and Replacement Plan for long-term major repair and replacement requirements to ensure the site development and housing are maintained in quality condition throughout the duration of the agreement. This plan shall include, but not be limited to, site conditions such as pavement repair, utility upgrades (utility components owned and operated by the SO), landscaping improvements, and recreational equipment. It shall also include repair and replacement of housing unit components or systems such as roofing, equipment, and interior upgrades. The Offeror shall demonstrate that the Capital Repair and Replacement Plan is in accordance with guidelines from the current National Association of Home Builders (NAHB) Housing Facts, Figures, and Trends publication, manufacturers' recommendations, other recognized industry standards, or other federal, state, or local codes and standards. The plan shall be supported with funds from the Replacement Reserve Account.

#### **3.4.6 Reinvestment Plan**

The SO shall provide a Reinvestment Plan that will protect and enhance the Property through reinvestment in the Property in the form of quality-of-life improvements which will directly benefit the property residents. It shall ensure the development continues to meet prevailing market standards for similar housing developments while continuing to provide safe, quality, affordable, well-maintained housing in a community where military families will choose to live. It shall also provide for approved minor alterations, services, and improvements for all quarters. The plan shall be fully supported with funds from the Reinvestment Account. The Offeror shall fully describe the cost and scope of the proposed reinvestment and shall declare a fixed ceiling percentage of profit on the execution of all Reinvestment Plan-related work.

#### **3.4.7 Desired Property Management Features**

Desired features listed below are in descending order of importance.

- Full-time live service call response by telephone
- Scheduling of routine service call maintenance after normal duty hours to accommodate occupant's work schedule
- A Web site for the purpose of accessing waiting lists, tenants submitting work requests, and tenant newsletter, etc.
- [Add or delete base-specific desired features.]

### 3.4.8 **Municipal Services To Be Provided By The Government**

The Government will provide fire, law enforcement services, and other emergency services to housing located within the Installation boundaries under proprietary or exclusive federal jurisdiction. Level of service will include emergency response, force protection, and preventative maintenance support. The SO will reflect these costs in his operating budget and will reimburse the Installation's service agency for all actual costs incurred for this level of service. The Government will provide 120 days prior to the start of the project fiscal year their annual estimate for the aforementioned services and will validate the actual charges versus the estimate. Payment for fire and police protection services will be made on an annual basis within 30 days after receiving billing from the Government.

## 3.5 **ENVIRONMENTAL COMPLIANCE**

The SO shall comply with applicable federal, state, and local environmental laws and regulations. The SO shall reimburse the Government for any civil or criminal fines or penalties levied against the Government for any environmental, safety, and occupational health infractions caused by activities of the SO and/or parties associated with the SO. Additionally, the SO shall reimburse the Government for the cost of any environmental restoration undertaken by the Government to clean up releases caused by the activities of the Offeror and/or any parties associated with the SO. The SO shall provide a narrative disclosing if any parties associated with SO's proposal have received a fine or notice of violation (NOV) from any local, state, or federal environmental agency (for any family housing development project). If fines or NOV's have been received, the SO shall provide copies of official notices, descriptions of corrective actions taken, and proof of payment, waiver, or withdrawal of fine and satisfactory compliance.

### 3.5.1 **Asbestos Containing Material (ACM)**

The SO is responsible for inquiring as to whether the Government has records of the location, type, quantity, and characteristics of asbestos in any family housing unit or other leased structures prior to renovation, maintenance, repairs, or construction that may disturb suspect materials. If the Government does not have adequate records to substantiate the status or presence of ACM, the SO is required to obtain the necessary confirmatory samples and obtain analysis by a State of **Basestate** certified laboratory for the analysis of bulk materials for asbestos. The Government shall not be responsible for any handling, removal or containment of asbestos or ACM, or to the extent consistent with applicable law, for any liability related thereto. The SO will perform any and all asbestos work in accordance with all applicable laws. SO personnel will be trained and certified as required in accordance with the State of **Basestate's** asbestos administrative code. The SO shall be responsible for removal and disposal of all ACM in the improvements on the Leased Premises and shall incorporate an asbestos disposal plan in the plans for demolition of the improvements to be submitted to the Commander in accordance with Condition 17 of the Lease of Property in Appendix U. The asbestos disposal plan will identify the proposed disposal site for the asbestos. Removal and disposal of ACM must be carried out in strict compliance with all applicable federal, state, and local laws, rules, regulations, and standards.

### 3.5.2 **Lead Based Paint (LBP)**

The SO is responsible for inquiring as to whether the Government has records of the location of LBP in any family housing unit or other structure prior to start of work which might disturb such materials. If the Government does not have adequate records to substantiate the status or presence of LBP, the SO is required to perform the necessary sampling and analysis in accordance with applicable law. The SO will ensure that housing renovation results in complete

abatement (as that term is used in the Residential Lead-Based Paint Reduction Act of 1992) of all LBP in those units. In its day-to-day management of housing units, the SO shall comply with the HUD guidelines for caring for and maintaining existing lead-based paint in housing. This is critical to protect the health and safety of residents in those occupied units that have not yet been demolished or renovated. The SO will treat all residents as if they were tenants for the purposes of 40 C.F.R. Section 745. For example, the SO will provide the "Protect Your Family from Lead in Your Home" pamphlet (available from the Environmental Protection Agency) to any residents still living in homes with LBP.

### **3.5.3 Radon**

The SO will take all necessary measures consistent with the Air Force Radon Assessment and Management Program (RAMP) to ensure that levels of radon within all housing units are lower than the Air Force action level of 3.7 Pico curies per liter. In all new construction and renovation, SO will plan in a prudent radon reduction measures consistent with the latest building practices.

### **3.5.4 Underground Storage Tanks (USTs)**

The SO is responsible to inquire whether the Government has Environmental Baseline Survey (EBS) records of the location and the number of unregulated heating-oil USTs located in the Leased Premises. Should unregulated heating-oil USTs be located such that demolition, renovation, new construction, grading, excavating, land improvements, or other site construction activities will disturb such items, then the SO shall be responsible for removing the USTs prior to construction activities, beginning in the immediate area where the USTs will be disturbed. Any soil contamination testing associated with the tanks, and any remediation of any underlying petroleum-contaminated soil found, shall be the responsibility of the Government. All workers shall be briefed by the SO on the potential presence of petroleum-contaminated soil.

### **3.5.5 Soil**

The requisite Environmental Baseline Survey (EBS) indicated that the soil under and immediately surrounding the housing units may contain both chlordane (a termiticide) and lead (from lead-based paint). The SO will take care during demolition and renovation to disturb as little of this soil as possible. Of particular concern would be earthmoving activities such as grading or leveling. The SO shall not remove any soil from the site without appropriate environmental testing and written consent from the Installation Commander. Prior to occupancy of renovated or newly constructed housing where soil was disturbed, the SO will be responsible for having a competent risk assessor carry out a representative sampling of soil immediately surrounding the housing, gardens, and likely children's play areas. If the results exceed screening values of 1.6 mg/kg for Chlordane, and 1.6 mg/kg for Lead, the SO will conduct a complete risk assessment. The results of screening sampling or a risk assessment will be provided to the Government for approval prior to occupancy. Because the proposed action involves the disturbance of soil in this parcel of land, the SO shall brief all workers on the potential presence of chlorinated pesticides and lead. The SO shall review state and local standards and screening values, and if such standards and values are more stringent, then the SO shall adhere to the more stringent standards and values.

## SECTION 4.0 INSTRUCTIONS TO OFFERORS

### 4.1 PROVISIONS

Offerors are required to comply with the following provisions while developing their proposal. Where instructions conflict and no order of precedence is specified, the most stringent requirement applies. A reference to, or direction to comply with, a particular section shall include, as appropriate, all subsections thereunder. Oral explanations or instructions given before signing the Lease will not be binding. Any information concerning the solicitation given to any prospective Offeror will be furnished promptly to all other prospective Offerors. If the information is necessary in submitting offers or if the lack of it would be prejudicial to any other prospective Offerors, the information will be furnished as an amendment to the solicitation.

#### 4.1.1 Discussions

The Government intends to evaluate proposals and recommend a contract award without discussions with Offerors (except clarifications as necessary in Step One). Therefore, the Offeror's initial proposal should contain the Offeror's best terms and be complete in accordance with these proposal instructions. The Government reserves the right to conduct discussions (Step Two) if it is determined they are necessary. If during the evaluation period, it is determined to be in the best interest of the Government to hold discussions, Offeror responses to Evaluation Notices (ENs), and the Final Proposal Revision (FPR) will be considered in making the "Best Value" decision.

#### 4.1.2 Cancellation of Solicitation by the Government

The Government is sponsoring this Solicitation solely for the purpose of achieving the goals established in the enabling legislation. While the Government intends to enter into agreements with the SO, it is under no obligation to do so and reserves the right to cancel this Solicitation and reject all submissions. The Government reserves the right to suspend or amend all aspects of this Solicitation and to waive informalities and minor irregularities in offers received where it is in the best interest of the Government to do so.

#### 4.1.3 Hold Harmless

By participating in the solicitation process, Offerors agree to hold the United States, its officers, employees, and consultants harmless from all claims, liabilities, and costs related to all aspects of this Solicitation. Under no circumstances will the Government be liable for any real estate brokerage commissions, finder's fees, or other forms of compensation related in any way to activities undertaken by any person as a result of this Solicitation.

#### 4.1.4 Amendments to Solicitation

This Solicitation may be amended by formal amendment document, letter, or facsimile. If this Solicitation is amended, then all terms and conditions that are not amended remain unchanged. Offerors shall acknowledge receipt of any amendments to this Solicitation by the date and time specified in the amendment(s). Acknowledgement shall be made by signing and returning the amendment(s), or sending a letter via electronic, telegraphic, or facsimile transmission.

### 4.2 SUBMISSION OF OFFERS

Offers and amendments shall be submitted in sealed envelopes or packages addressed to the office as specified in the solicitation cover letter and shall show the time specified for receipt, the solicitation number, and the name and address of the Offeror.

#### **4.2.1 Electronic, Telegraphic, or Facsimile Offers**

Electronic, telegraphic, or facsimile transmissions of initial offers will not be considered.

#### **4.2.2 Submittal Due Dates**

Offerors are required to submit Step One, Qualifications Submittal, no later than 5:00 p.m. local time on **Proposalduedate**. The due date for Step Two, Financial and Technical Proposal Submittal, will be established and communicated to those Offerors selected at a later date.

### **4.3 SUBMITTAL REQUIREMENTS**

#### **4.3.1 Mandatory Forms**

Appendix K of this Solicitation includes all mandatory forms that are required for this project. Offeror shall include a narrative with all mandatory forms providing source of information, backup data, and underlying assumptions.

#### **4.3.2 Applicable Wage Rates**

The Davis-Bacon Act wage determination current at the time of issuance of a notice to proceed will apply to the work on the project. A link to the Davis-Bacon Act wage determinations may be found at the following site: <http://davisbacon.fedworld.gov/>. Implementing clauses are at Appendix Z, Mandatory Clauses Required by Federal Law, and shall be incorporated into the Offeror's proposal.

#### **4.3.3 Submittal Letter**

Each Offeror shall submit the information required by the solicitation. The Offeror shall sign the offer and print or type its name on a submittal letter and on each continuation page on which it makes an entry. The person signing the offer must initial erasures or other changes. The person signing the offer must have the authority to sign or bind the company/firm/corporation.

#### **4.3.4 Clarity and Completeness**

Clarity and completeness of the proposal is of the utmost importance. Offerors may be required to provide additional information on any item in the proposal. The proposal must be written in a practical, clear, and concise manner. Each volume shall be clearly labeled with the volume number and title.

#### **4.3.5 Proposal Presentation**

Each volume shall be submitted in a loose-leaf 3-ring binder. The page size of the Offeror's proposal shall not exceed 8 ½" by 11" with a minimum 10-pitch font. A page is defined as the single-spaced, single side of one 8 ½" by 11" sheet of paper or one printed side of a foldout page. Foldout pages shall fold entirely within the volume. Each printed side of a foldout counts as one page. Page limits as specified in this Solicitation do not include drawings, cost estimates, mandatory forms, legal documents, resumes, financial statements, *pro formas*, engineering calculations, catalog cuts, or specifications. The original proposal shall be provided on white paper with any changes made during the solicitation process submitted on different colored paper for each change. Changes shall be submitted on a replacement page basis. Offerors are cautioned to ensure that any changes are reflected in all supporting tables and volumes.

#### **4.3.6 Solicitation Number**

All volumes shall be marked with the solicitation number. Every page in the proposal shall have the solicitation number, the volume number, and the consecutive page number (using Arabic



numerals 1, 2, 3.). All volumes shall include the Offeror's identity and the volume number on the cover page. Each volume shall have a transmittal cover letter (refer to Appendix H, Offeror's Cover Page) of no more than one page. This page will not count against the page count for the volumes.

#### **4.3.7 Volume Sections**

During proposal evaluation, each volume will be reviewed separately. Therefore, each volume shall be a stand-alone document requiring no referral to other volumes for full understanding. Referrals to other sections of the same volume shall also be kept to a minimum. Each volume must contain both a detailed table of contents for the volume and an overall table of contents covering all volumes.

#### **4.3.8 Financial *Pro Forma***

Financial *pro forma* data shall be submitted in electronic format on CD-ROM and shall include formulae so that the submitted information can be manipulated during evaluation of the submittals. All financial spreadsheets shall be submitted in a format compatible with MS Excel 2000. In addition, five hard copies of the financial *pro forma* data shall also be provided. See Appendix K, Mandatory Forms, for details.

#### **4.3.9 Loan Justifications**

Should the Offeror believe there is an absolute necessity to utilize either the Government Direct Loan or the Government Limited Loan Guarantee, the Offeror shall justify the use of either loan. The Offerors shall estimate and submit the Scored Amount of their proposal, carefully considering the best possible means of minimizing long-term risk and costs to the Government by leveraging funding for the project through a financial strategy that maximizes the use of private funding to support the development while minimizing the Scored Amount.

#### **4.3.10 Incomplete Submittals**

Incomplete submittals and/or submittals without mandatory forms may be rejected.

### **4.4 PROPOSAL PACKAGING**

Proposals shall be delivered as follows:

FROM: Offeror's Return Address

TO: PSCname  
PSCaddress  
PSCaddress

### **4.5 EXECUTION OF PROPOSAL**

Offeror shall submit a signed cover letter as shown in Appendix H, Offeror's Cover Page. A copy of this cover letter shall accompany each volume submitted. Each proposal must contain the full address of the Offeror and be properly executed (signed with its usual signature). If the prospective Offeror is a joint venture, it must be signed by the authorized representatives of the joint venture parties. A proposal executed by an attorney or agent on behalf of the Offeror shall be accompanied by two authenticated copies of the power of attorney or other evidence of authority to act on behalf of the Offeror. If the Offeror is a corporation, a corporate officer authorized to bind the corporation must execute the corporate certificate. In lieu of the certificate, include with the proposal those copies of the record of the corporation showing official charter and authority of the vice president or a higher officer to bind the corporation. The

corporation record must be signed and duly certified by the Secretary or Assistant Secretary, under the corporate seal, as true copies. If the Offeror is a Partnership, Limited Liability Company or any other entity, the Offeror must provide evidence that the party signing the offer has the authority to sign or bind the company/firm/corporation.

## **4.6 LATE SUBMISSIONS, MODIFICATIONS, AND WITHDRAWALS OF PROPOSALS**

### **4.6.1 Late Submissions**

Any proposal received at the office designated in the solicitation after the exact time specified for receipt will not be considered unless it is received before selection is made and it was:

- Sent by the U.S. Postal Service or any other means (i.e., Federal Express, UPS, etc.) and it is determined by the Government that the late receipt was due solely to mishandling by the Government or PSCname after receipt at the evaluation office;
- Sent by U.S. Postal Service Express Mail Next-Day Service, Post Office to Addressee, not later than 5:00 p.m. at the place of mailing, two working days prior to the date specified for receipt of proposals. The term “working days” excludes weekends and U.S. Federal holidays; or
- The only proposal received.

### **4.6.2 Modifications**

Any modification of a proposal, except a modification resulting from the Government’s request for “final” offers, is subject to the same conditions as listed herein above. A modification resulting from the Government’s request for “final” offers received after the time and date specified in the request will not be considered unless received before selection and the late receipt is due solely to mishandling by the Government.

### **4.6.3 Withdrawals of Proposals**

Proposals may be withdrawn by written notice or telegram (including mailgram) received by the Government at any time before selection. Proposals may be withdrawn in person, by an Offeror or an authorized representative, if the representative’s identity is made known and the representative signs a receipt for the proposal before award. Proposals may not be withdrawn by facsimile or electronic mail.

## **4.7 EVIDENCE OF DATES AND TIMES OF MAILING RECEIPTS**

The only acceptable evidence to establish the date of a proposal or modification sent either by U.S. Postal Service registered or certified mail, is the U.S. or Canadian Postal Service postmark both on the envelope or wrapper and on the original receipt from the U.S. or Canadian Postal Service. Both postmarks must show a legible date, or the proposal or modification shall be processed as if it were mailed late. “Postmark” means a printed, stamped, or otherwise placed impression (exclusive of a postage meter machine impression) that is readily identifiable without further action as having been supplied and affixed by employees of the U.S. or Canadian Postal Service on the date of mailing. Therefore, Offerors shall request the postal clerk to place a legible, hand-cancellation bull’s-eye postmark on both the receipt and the envelope or wrapper.

The only acceptable evidence to establish the date of mailing of a late proposal, modification, or withdrawal sent by Express Mail Next Day Service-Post Office to the Addressee is the date entered by the post office receiving clerk on the “Express Mail Next Day Service-Post Office to Addressee” label and the



postmark on both the envelope or wrapper and on the original receipt from the U.S. Postal Service. "Postmark" has the same meaning as defined above, excluding postmarks of the Canadian Postal Service. Therefore, Offerors shall request the postal clerk to place a legible hand cancellation bull's eye postmark on both the receipt and the envelope or wrapper.

The only acceptable evidence to establish the time of receipt at the evaluation office is the time/date stamp of that evaluation office on the proposal wrapper or other documentary evidence of receipt maintained by the evaluation office.

Notwithstanding Section 4.6, a late modification by the SO that makes its terms more favorable to the Government will be considered at any time it is received and may be accepted.

#### **4.8 RESTRICTIONS ON PROJECT PARTICIPATION**

In accordance with Government policies and 10 U.S.C. Section 2327, this project will not be awarded to, there shall be no participation in connection with the project by, and the Government will not provide a loan to, or guarantee any loan made by, a firm or a subsidiary of a firm if the government of a terrorist country has a significant interest in the firm or subsidiary, unless a waiver is granted by the Secretary of Defense. Nor shall any firm or subsidiary thereof, that assisted the Government in any way in the requirement identification or solicitation preparation, be allowed to participate in this Solicitation.

#### **4.9 RESOLUTION OF ADMINISTRATIVE DETAILS**

The Government anticipates there will be a need to resolve additional administrative details after selection of the apparent SO. This may include finalizing the remaining administrative financial contingencies and completing all agreements in order to close with the SO. This postselection process to resolve details will not encompass issues that affect the basis on which the selection decision was founded. If, for whatever reason, the Government and SO are unable to complete this process within 60 days of notification of selection, the Government reserves the right to establish a new closing date or to select a new SO. In the event a new SO is selected, neither the former SO nor the Government will be entitled to reimbursement of costs or other indemnification from the other party.

#### **4.10 RESTRICTION ON DISCLOSURE AND USE OF DATA**

Offerors who include in their proposals data that they do not want disclosed to the public for any purpose or used by the Government except for evaluation purposes, shall mark the title page with the following legend: "This proposal includes data that shall not be disclosed outside the Government and its representatives and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate this proposal." Mark each page of restricted data with the following legend "Use or disclosure of data contained on this page is subject to the restriction on the title page of this proposal." If, however, a lease is signed with this Offeror as a result of or in connection with the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting Lease or as needed for Environmental Documentation. This restriction does not limit the Government's right to use information contained in this data if it is obtained from another source without restriction. Offerors should be aware, however, that the Government may share financial information with Congressional committees, if requested by the committees as part of their oversight function.

The firms of Contractor1name and Contractor2name have provided assistance to the Government in this privatization project and have conflict-of-interest (COI) clauses included in their contracts. Prospective offerors shall not include these contractors or their subcontractors as part of their team or request assistance with proposal preparation, without first submitting a proposed organizational COI mitigation plan for Government approval.

## 4.11 GENERAL INFORMATION

This will be a two-step, non-Federal Acquisition Regulation (FAR) process. The intent is to use fair, timely, and cost-effective procedures for the solicitation, evaluation and selection of the Offeror most advantageous to the Government. The purpose for utilizing a two-step RFP process is to allow Offerors to respond to the first step in a timely and cost effective manner and to allow the Government to down-select expeditiously to no more than five Offerors to proceed to Step Two. Step Two will require a more comprehensive response by the Offerors than was submitted in Step One.

### 4.11.1 Submittal Organization and Contents

The submittals are to be separated into two distinct submittals (two-step process). It should be clearly understood that until an Offeror is notified that it has been selected to proceed to Step Two, there is no reason to prepare the Step Two (Financial and Technical Proposal) submittal.

All Offerors shall submit Volume I (Part A and Part B) and Volume II by the due date identified on the cover page and in Section 4.2. The Qualifications Submittal (Step One) shall be evaluated and the Government will select those Offerors that are to proceed to the Financial and Technical Proposal (Step Two). At this point, the Government will establish a due date allowing sufficient time for the selected Offerors to submit their Financial and Technical Proposal submittals (Step Two). Only those Offerors who are selected in the exercise at the sole discretion of the Government to proceed to the Financial and Technical Proposal stage should submit Volumes III, IV, and V, and only these Offerors will be evaluated on information contained in those volumes.

### 4.11.2 Desired Features and Enhancements

The solicitation identifies both requirements (the minimum threshold the Government will accept) and desired features (deemed by the Government to be beneficial to the military families). Offerors are encouraged to submit contractor-proposed enhancements that they believe will enhance the project, even though they are not identified as requirements or desired features in this Solicitation. The Government reserves the right to award additional evaluation credit to such desired features and enhancements based on their exceeding the minimum threshold requirements and benefit to the Government.

## 4.12 SUCCESSFUL OFFEROR INFORMATION

After selection, the apparent SO shall submit the following:

### 4.12.1 Proof of Equity

Within ten (10) days of Government notification of Step Two selection, the SO shall provide proof of equity including, but not limited to, amount of equity, location and number of account, financial institution, and name of contact at the financial institution.

### 4.12.2 Loan Commitment

The SO shall provide proof of a binding commitment for both the construction and permanent financing, other than the Government Direct Loan, if applicable, that is contingent only upon closing the loan within ninety (90) days of Government notification of selection. If the Offeror can show good cause for delay, the Government may, in the exercise of its sole discretion, elect to extend this period or to proceed to the next Offeror. The Government also reserves the right at any time before closing to require the SO to submit written proof of availability of the additional financial support proposed in the Volume III submittals for Subfactors 1.1 (Mitigation of Government Risk) and 1.2 (Financing Strategy – Interest Rate Protection).

#### **4.12.3 Financial Documentation**

Copies of all financial documents not included in the solicitation shall be provided within ninety (90) days of Government notification of selection. If the Offeror can show good cause for delay, the Government may, in the exercise of its sole discretion, elect to extend the 90-day period or to proceed to the next Offeror.

#### **4.13 ELECTRONIC COPIES**

Electronic copies shall be submitted on a CD-ROM, in a protective sleeve. Each CD-ROM and protective sleeve shall be clearly marked with the volume number, title, solicitation number, and the Offeror's name. All CD-ROMs will be included with the "original" paper copies of each volume as identified in the solicitation. The information submitted must be checked and determined to be virus-free prior to submission. The electronic submittals shall be compatible with the following equipment and software products:

- Pentium Class PCs
- Microsoft Office 2000 (Excel, Word, PowerPoint)
- Microsoft Project 98
- Adobe Acrobat Reader 4.0
- AutoCAD format for all drawings.

The electronic copy of the proposal shall be an exact duplicate of the original paper proposal. The CD-ROMs will be used for proposal evaluation. MS Excel spreadsheets shall be submitted in a format that allows all formulas within the spreadsheet to be reviewed and manipulated. If there are discrepancies between the electronic proposal and the original paper proposal, however, the paper original shall be deemed to govern.

#### **4.14 QUALIFICATIONS SUBMITTAL (STEP ONE)**

##### **4.14.1 Submittal Requirements**

The submittal requirements for Step One are shown in Table 11 below.

**Table 11 – Qualifications Submittal – Step One (For All Offerors)**

VOLUME	DESCRIPTION	NUMBER OF SUBMITTALS	PAGE LIMIT <sup>4</sup>
Volume I: Qualifications			
Part A	Business and Financial	One original, four copies, and one electronic copy <sup>2</sup>	30 pages
Part B	Project Concept	One original, four copies, and one electronic copy <sup>2</sup>	30 pages
Volume II: Past Performance <sup>3</sup>		One original, four copies, and one electronic copy <sup>2</sup>	30 pages
NOTES:  1. Any pages exceeding the limits set above will be destroyed and not evaluated. Supporting data, such as mandatory forms, resumes, financial statements, <i>pro formas</i> , cost estimates, engineering calculations, drawings, and catalog cuts that are attached or appended to Parts A or B of Volume I, does not count against the page limits indicated above. Such items that are included within the text of Volume I do count against the page limits.  2. Volumes I and II may be submitted on the same CD-ROM. See Section 4.13 for additional instructions on electronic copies.  3. The Past Performance Questionnaire (Appendix J) shall be provided by the Offeror to government agencies or private companies that will submit responses directly to PSCname.			

The contents of Offeror submittals are described in detail below.

#### 4.14.2 Material Changes

Throughout the solicitation process, the Offeror shall provide to the Government any material changes to Volume I, Qualifications, or Volume II, Past Performance, and a written description explaining the reason for the change, not later than five (5) business days after the change. Failure to disclose any material or receipt of adverse information changes may result in disqualification from consideration for this project. Upon receipt of a written description of a material change, the Government reserves the right to request additional information relating to said material change. Material changes include, but are not limited to:

- Bankruptcy/reorganization of any of the participating entities/individuals in the Offeror's proposal
- Default on any loans or any other type of debt instrument
- Twenty percent (20%) decrease in net worth/owner's equity
- Twenty percent (20%) decrease in assets
- Twenty percent (20%) increase in liabilities
- A sale of a portion of all of the Offeror's or participating entities' interest in said asset
- Litigation actions, pending or threatened, that may materially affect the Offeror's ability to successfully complete the transaction

- Judgment or lien against the Offeror imposed by any federal, state or local taxing authority
- Other material events that may affect the Offeror's ability to complete the transaction
- Changes in commitments in the project team
- Key employee resignations.

If material changes occur resulting in a change of team members, the Offeror shall submit all required Step One information for all new team members no later than five business days after the Offeror notifies the Government of this material change, or in a supplement with the Offeror's Step Two submission, whichever date occurs sooner.

#### 4.15 VOLUME I: QUALIFICATIONS

Volume I, Qualifications, shall be submitted in two separate binders and identified as Volume I - Part A and Volume I - Part B. Each binder shall be clearly labeled and shall include the following items in the order as outlined below.

##### PART A, BUSINESS AND FINANCIAL

##### 4.15.1 Factor 1: Business Arrangements

**Executive Summary.** The summary shall succinctly outline the major reasons why the prospective Offeror, together with others who shall participate in the project (including, but not limited to, joint venture parties, major subcontractors, lending institutions, etc.), is qualified to carry out the project and the associated development identified in the proposal.

##### 4.15.1.1 Subfactor 1.1: Team Strength

Offerors shall submit the following information:

- A proposed organizational chart and brief commentary, clearly illustrating contemplated project ownership and identifying all parties to the transaction. The Offeror shall also describe the levels of management interaction between the design, construction, property management operations, and maintenance teams, and personnel authorities and roles within the project. The Offeror shall identify to what extent the proposed design, construction, property management operations, and maintenance teams have worked together on previous projects of similar size and scope; and describe corporate management support in the planning, resourcing, cost control, and implementation of the project
- A narrative describing the team's management approach to satisfying the project requirements throughout the entire 50-year term
- A complete, detailed narrative, clearly identifying each principal, partner, and/or co-venturer proposing to participate in the project, including ownership percentages. For each principal, partner, co-venturer, or known major subcontractor identified, list discipline or specialty (e.g., community planning, A/E design, development, construction, demolition, and property management)
- A description of the legal form of the ownership, development, and operating entities.

**4.15.1.2 Subfactor 1.2: Key Personnel and Management Approach**

The Offeror shall include a list of key project personnel proposed to support the project, their roles and professional background, resume, and experience on previous related projects. The Offeror shall also provide a written description of how these key personnel will be utilized to ensure the adequacy and efficiency of the proposed overall management of the project.

**4.15.2 Factor 2: Financial****4.15.2.1 Subfactor 2.1: Credit References**

The Offeror shall provide the names, addresses, and telephone numbers of at least three credit references for each entity, together with letters addressed and mailed to each reference authorizing release of information to the Government and to its representative, ~~PSCname~~. Credit references shall be limited to responses from major lending institutions, major suppliers or similar businesses that have clear, current, and significant financial experience with the Offeror. If the Offeror is comprised of two or more partners or co-venturers, the same information is required of each partner or co-venturer. The Offeror shall discuss and show evidence of the Offeror's ability to retire mortgage debt in excess of \$10 million.

If a letter of credit is used it must be an obligation of an investor in the Project Owner. The letter of credit must not be an obligation of the Project Owner and must not be secured by any project asset; and such letter of credit must be converted to cash equity before completion of initial construction and renovation of the project.

**4.15.2.2 Subfactor 2.2: Financial Statements**

The Offeror shall submit two years of audited financial statements by a certified public accountant under audit standards as provided by the American Institute of Certified Public Accountants; and notes thereto for all significant parties to the transaction. A significant party is any party that shall sign the Lease of Property, own 10% or more of the project, or be the primary developer or operator.

Publicly traded entities subject to reporting to the Securities and Exchange Commission (SEC) shall submit the three latest Form 10-K. In the event Form 8-K was submitted to the SEC within the last three (3) years, please provide those forms as well. If any of the significant parties is a newly created entity for which three (3) years of financial statements are unavailable, then financial statements are required for the individual owner(s) of the significant parties. The Offeror shall clearly mark and package proprietary information separately from the other materials comprising the Statement of Qualifications, except for Forms 10-K and 8-K, which are public documents.

If any financial statements and information submitted note any litigation, disputes, claims, UCC filings or similar circumstances, provide the current status of each matter in full detail.

**4.15.2.3 Subfactor 2.3: Project Financing**

The Offeror shall submit a letter of interest from the proposed lender and underwriters evidencing a review of the terms and conditions of the following: Solicitation; Appendices; Lease of Property; Government Limited Loan Guarantee, if any, with associated justification for its use; the Government Direct Loan, if any, with associated

justification for its use, and related documents, and their proposed terms; the credit quality of the Offeror; and the Offeror's proposed project concept.

In addition to the aforementioned, this letter shall include a statement that the lender is highly confident that it can finance the Offeror's proposed project. If other methods of financing are intended, the letter shall provide appropriate evidence. Also, it shall demonstrate how the equity contribution and the first and second mortgage debt or other methods of financing fully fund this project.

In addition, the Offeror shall also submit and describe the intended method of construction financing, and if a construction loan is intended, a letter from the Construction Lender stating that the proposed construction lender has reviewed the Offeror's preliminary concept and solicitation documents.

## **PART B, PROJECT CONCEPT**

### **4.15.3 Factor 3: Project Concept**

**Executive Summary.** The summary shall succinctly outline the major reasons why the prospective Offeror, together with others who shall participate in the project (including but not limited to joint venture parties, major subcontractors, lending institutions, etc.), is qualified to carry out the project and associated development identified in the proposal.

#### **4.15.3.1 Subfactor 3.1: Project Concept**

The Offeror shall submit a detailed narrative describing the Offeror's proposed project concept, including an accurate, overall description of the intended project design, the construction and property management, and the operations and maintenance methodology. Such project concept shall include, but need not be limited to, the following items:

- A description of the proposed unit desired features and enhancements
- A description of the proposed project site desired features and enhancements
- A description of the proposed transition plan
- A description of the proposed physical security plans, describing the extent of the security elements incorporated into the project development (i.e., street configurations, lighting and landscaping treatments)
- A description of the proposed environmental design elements (i.e., compliance with applicable local, state, and federal environmental protection regulations)
- A description of the proposed property management administration methodology, including organization of the property management group, provisions for on-site management, security, process and procedures for tenant lease signing, allotment processing, rent collection, unit assignment, eviction, and dispute resolutions
- A description of the proposed processes and procedures for routine maintenance, COM, periodic maintenance and replacement schedules, landscaping/grounds maintenance of units, and pest control procedures.



## 4.16 VOLUME II: PAST PERFORMANCE

### 4.16.1 Factor 4: Past Performance

#### 4.16.1.1 General

The Offeror shall provide documentation for similar residential developments of \$25 million or more that have been completed within the past 10 years. The currentness and relevancy of the past performance information is critical. The evaluation will be constrained to the most recent and most relevant contracts for each corporate team member as they relate to the Step Two subfactors.

This information shall include data on efforts performed by other divisions, corporate management, or critical team members, if such resources will be brought to bear or will significantly influence the performance of the proposed effort.

#### 4.16.1.2 Project Experience Narrative

Offerors shall provide a detailed narrative describing similar experience in development and teaming arrangements, with emphasis on the type of financial service/structure. In addition, the narrative must describe the Offeror's similar experience in facility demolition, community and housing design, construction, renovation, property management, property management operations and maintenance, and teaming arrangements. The description must emphasize the type of design, construction and/or property management, and operations and maintenance services provided.

Illustrative or other materials (e.g., photographs and renderings) that demonstrate similar experience may be submitted for evaluation (provide two copies each).

#### 4.16.1.3 Specific Contract Information

For all listed contracts/projects, for each key team/company, provide the following information:

- Company/Division Name
- Program/Project Title
- Contracting Agency/Company
- Contract Number/Request for Proposal Number (as applicable)
- Description of the Contract/Project Effort
- Type of Contract/Project
- Number of Units
- Period of Performance
- Contract Dollar Value at Time of Award/Closing
- Original Completion Date
- Current or Actual Completion Date, and if not complete, Percentage of Completion
- Complexity of the Project
- Scope of Operations and Maintenance (O&M) Management Activity (as applicable)



- Duration of Property Management Activity (as applicable)
- Specific role of the prospective Offeror and those persons and organizations identified as participants in the proposed project
- Name, title, affiliation, current address, telephone and fax numbers of members of each project team and other persons familiar with the project, including, but not limited to, the Program Manager, Administrative Contracting Officer, and Procuring Contracting Officer or key point of contact with knowledge of the specific project in question and the institution that provided permanent and construction financing. Clearly indicate each key team member's roles, responsibilities, and lines of authorities in the project (e.g., Project Manager, Quality Control Manager, Job Site Superintendent, Safety Officer, Community Planner, Project Manager, Project Architect, Project Engineer, and Landscape Architect)
- Location (street address, city, state) of each project, length of time since involvement with project, and phone numbers for current and all previous owners, and tenants (to the extent possible)
- Indication of whether or not a Past Performance Questionnaire has been requested from this Contracting Agency/Company.

#### **4.16.1.4      Relevance**

Offerors are required to explain what aspects of the contracts/projects submitted for the Past Performance evaluation are deemed relevant to this effort. More recent and relevant performance will have a greater impact on the Performance Confidence Assessment rating than less recent or relevant efforts.

#### **4.16.1.5      Significant Achievements/Past Problems**

Offerors may also submit information on significant achievements or explain past problems with the corrective actions taken, that they consider relevant to the proposed effort.

#### **4.16.1.6      Past Performance Questionnaire**

For each project provided, the Offeror will have its Point of Contact submit a completed and signed Past Performance Questionnaire identified in Appendix J. Questionnaires should be provided to these companies or agencies in a timely manner so the responses are received by the Government no later than the deadline for Step One submittals.

The Government may consider other projects performed by Offerors and identified through any and all means, including but not limited to, customer surveys, federal exclusion lists, federal past performance databases, Dun and Bradstreet Reports, and comments from other government agencies.

### **4.17      FINANCIAL AND TECHNICAL PROPOSAL (STEP TWO)**

This section explains the submittal requirements of Step Two: Financial and Technical Proposal. In addition to the requirements set forth below, the Offeror shall calculate and submit an OMB scoring summary to include the proposed Scored Amount associated with their proposal. The Government also reserves the right to require a Step Two Offeror to submit written proof of the availability of the equity and debt financing, as well as the additional financial support proposed in the Volume III submittals for Subfactors 1.2 (Financial Strategy) and 1.3 (Government Participation in Project Financing), identified in the Offeror's

Financial and Technical Proposal. The Government may serve notice of this requirement at any time before award.

#### 4.17.1 Submittal Requirements

The submittal requirements for Step Two are:

**Table 12 – Financial and Technical Proposal Submittal (For Down Selected Offerors Only)**

VOLUME <sup>1</sup>	DESCRIPTION	NUMBER OF SUBMITTALS	PAGE LIMIT <sup>2</sup>
III <sup>3</sup>	Financial	One original, four copies, and one electronic copy <sup>4</sup>	45 pages
IV	Design and Construction	One original, four copies, and one electronic copy <sup>4</sup>	60 pages
V	Property Management	One original, four copies, and one electronic copy <sup>4</sup>	60 pages
<p>NOTES:</p> <ol style="list-style-type: none"> <li>1. The Government's representative will establish a due date for proposals. All submittal dates will be identified in the notification letter.</li> <li>2. Any pages exceeding the limits set forth above will be destroyed and not evaluated. Supporting data such as mandatory forms, resumes, financial statements, <i>pro formas</i>, cost estimates, engineering calculations, legal documents, drawings, and catalog cuts that are attached or appended to Volumes III, IV, or V, do not count against the page limits indicated above. Such items included within the text do count against the page limits.</li> <li>3. The financial data, Volume III, must be correlated with other volumes, attachments, and mandatory forms.</li> <li>4. Volumes III through V may be submitted on the same CD-ROM. See Section 4.13.</li> </ol>			

The contents of Offeror submittals are described as follows:

- Offerors are advised that a selection may be made without discussion or any contact concerning the proposal received. Therefore, proposals shall be submitted initially on the most favorable terms regarding financial, technical, and other factors. Do not assume that firms will be contacted or afforded an opportunity to clarify, discuss, or revise proposals. If discussions are conducted, ENs will be issued to the Offerors. The Offerors will then be afforded the opportunity to submit final proposal revisions. The Government will select the proposal representing the "Best Value"
- THE GOVERNMENT RESERVES THE RIGHT NOT TO MAKE A SELECTION UNDER THE SOLICITATION.

#### 4.18 VOLUME III – FINANCIAL

##### 4.18.1 Factor 1: Financial (Refer to RFP Section 3.2)

The purpose of the financial proposal is to determine how well the Offeror has structured the development financing (i.e., will the financing be credible in equity and debt markets and minimize Government commitments and risks?).

**4.18.1.1 Subfactor 1.1: Project Viability over the 50-Year Business Arrangement****4.18.1.1.1 Operating Revenues and Expenditures Budget**

The Offeror shall submit a 50-year operating revenue and expenditure budget for the life of the project that, at a minimum, shall include the line items included in Appendix K, Mandatory Forms. The Offeror shall also submit a brief narrative that explains how each of the line items is calculated (e.g., inflation factors, vacancy rates, fees included, etc.). The Offeror shall identify all expected or potential fees and amounts to be charged for development and management services. In addition, the Offeror shall identify how and which parties shall be subordinate (if applicable) relative to fees and distribution of returns.

**4.18.1.1.2 Development Budget**

The Offeror shall submit a total Development Budget for the project that describes, in detail, all hard and soft costs, including, but not limited to, construction costs (utilizing Davis-Bacon Act wage determinations), demolition, and infrastructure costs, design, engineering, consultant and legal fees, development fees, permit fees, financing transaction fees, construction interest, reserves and commissions. See Development Budget *pro forma* format in Appendix K, Mandatory Forms. Data provided in Appendix K, or resulting from Appendix K, must be cross referenced with the *pro forma* to fully explain how the data were derived.

**4.18.1.1.3 Development Sources and Uses of Funds**

The Offeror shall submit a statement of development sources and uses of funds that describes proposed capital and operation funding by source. See Appendix K for the mandatory format.

**4.18.1.1.4 Capital Repair and Replacement Schedules**

The Offeror shall submit the required schedules that correspond to the amounts required under the Capital Repair and Replacement Plan. See Appendix K for the mandatory format.

**4.18.1.1.5 Reinvestment Schedules**

The Offeror shall submit the required schedules that correspond to the amounts required under the Reinvestment Plan. See Appendix K for the mandatory minimum format.

**4.18.1.2 Subfactor 1.2: Financial Strategy****4.18.1.2.1 Commercial Loans**

a) For *construction financing*, the Offeror shall provide a firm commitment letter from the lender. The commitment letter shall include the items set forth below:

- The amount of the loan
- The interest rate (fixed or variable, stated as a recognizable index plus some spread)

- The recourse versus nonrecourse (full or partial)
  - The points and fees
  - The contingencies
  - The timeline for funding
  - The interest rate protection vehicle, if any
  - A statement that the Construction Lender has reviewed the Offeror's proposal and solicitation documents.
- b) For *permanent financing*, the Offeror shall provide a completed Guaranteed Lender Eligibility Form (Appendix T) (if applying for a guarantee) and a firm commitment letter from the lender (whether or not a guarantee is being used) that includes the items set forth below:
- A statement that the Permanent Lender has reviewed the Offeror's proposal and solicitation documents
  - The required debt service coverage ratio
  - The amount and type of loan
  - The interest rate (fixed, as stated as a recognizable index plus some spread, and justify the spread proposed)
  - The recourse versus non-recourse (full or partial)
  - The loan maturity
  - The amortization period
  - The points and fees, including but not limited to transactional and/or closing fees
  - The credit rating of the loan or bond
  - The contingencies
  - The timeline for funding
  - The interest rate protection vehicles, if any.
- c) The Offeror may propose bond or other types of secured financing. However, the Government Guarantee, if any, runs to the Guaranteed Lender and the Offeror must have a commitment for the entire loan amount from the proposed Guaranteed Lender. In addition to the commitment from the Guaranteed Lender or other first mortgage lender (see Section b above), if bond or other secured financing is proposed, the Offeror shall provide the following:
- A letter from an underwriter stating the terms, conditions, and all fees of bond or other secured financing, and that the bonds or securities shall be purchased by said underwriter and resold to investors
  - The type of credit enhancement vehicle, if any, and proof of capacity and rates

- An affirmative statement that the underwriter agrees to be the principal in the transaction and that it is the lender's sole responsibility to fund the debt
- If bond and/or swap insurance is required by a lender, a firm commitment letter from the insurer must be provided stating all terms and conditions.

#### 4.18.1.2.2 Interest Rate Protection

The Offeror shall include a plan to mitigate risk of short-term rate fluctuations until the SO locks its interest rate with the selected lender.

#### 4.18.1.2.3 Sources and Returns on Equity

The Offeror shall submit a table drawn from the forms in Appendix K, along with a narrative that identifies its equity contributions and projected return of/on equity by year of the project.

#### 4.18.1.2.4 Fees

The Offeror shall provide details of the development, construction, management, financial, and other fees associated with the project. Details shall identify fees paid to the Offeror or related parties. Detail shall include:

- The nature of the fees
- The amount of the fees
- The timing for payment of the fees
- The entity earning the fee.

### 4.18.1.3 Subfactor 1.3: Government Participation in Project Financing

The Offeror shall include the following:

#### 4.18.1.3.1 Government Direct Loan

If a Government Direct Loan is required, the Offeror shall submit the following:

- A completed Borrower Application Form (Appendix O)
- The amount of the loan required and the proposed rate of interest (not less than 1%) to be paid on it
- The expected terms and timetable for disbursement and repayment of government funds
- Any proposed exceptions or modification of terms of the Government Direct Loan (see Appendix N).

#### 4.18.1.3.2 Military Housing Loan Guaranty Agreement

If a Government Limited Loan Guarantee is required, the Offeror shall submit the following:

- The amount of the loan to be guaranteed

- Any proposed exceptions or modifications of terms of the Military Housing Loan Guaranty Agreement (see Appendix R)
- Proof that the Guaranteed Lender is experienced in both the origination and servicing of multifamily loans.

#### 4.18.1.3.3 Legal Documents

The Offeror shall submit any proposed exceptions or modification of terms to the sample Lease of Property (Appendix U), Operating Agreement (Exhibit E of Appendix U), and Quitclaim Deed or Bill of Sale (Appendix V).

#### 4.18.1.3.4 Minimizing Risk to Government Resources

The Offeror shall submit a narrative describing:

- How the risk of financial default has been mitigated
- Which parties shall infuse additional financial support, if needed
- Whether the Offeror or any other parties shall guarantee the performance of the Offeror's obligations to the Government under the loan agreements, the Lease of Property (Appendix U), Operating Agreement (Exhibit E of Appendix U), and other binding agreements
- The Scored Amount. The Offeror shall calculate and submit an OMB scoring summary to include the proposed Scored Amount associated with their proposal.

### 4.18.1.4 Subfactor 1.4: Mechanics of Accounts

4.18.1.4.1 The Offeror shall submit evidence, that prior to closing, it will establish the following accounts, including the name of financial institution where the accounts are proposed to be established:

- A Windfall Income Account
- A Lockbox Revenue Account
- An Impositions Reserve Account
- A Replacement Reserve Account
- An Operating Reserve Account
- An Other Eligible Tenant Security Deposit Account
- An Utility Reserve Account
- A Construction Escrow Account, including the Lessee Equity Subaccount and the Project Operations Subaccount
- A Reinvestment Account.

- 4.18.1.4.2 The Offeror shall provide the proposed dollar amount for the initial “amount per unit” to be deposited into the Replacement Reserve Account.
- 4.18.1.4.3 The Offeror shall provide the proposed dollar amount to be deposited into the Utility Reserve Account.
- 4.18.1.4.4 The Offeror shall provide a proposed Lockbox Agreement that complies with all the terms listed in this Solicitation.

## **4.19 VOLUME IV – DESIGN AND CONSTRUCTION**

### **4.19.1 Factor 2: Design and Construction (Refer to RFP Section 3.3 )**

The purpose of the design and construction proposal is to demonstrate how well the Offeror can design and construct a residential community where the tenants will choose to live.

Drawings shall be provided at half-size (15”x21”). Reference Appendix K for the mandatory format required for the proposal submission.

#### **4.19.1.1 Subfactor 2.1: Community Development Plan**

##### **4.19.1.1.1 Site Development Design**

- a) Site Plans. The Offeror shall provide topographic design drawings (scale: 1”=200’) of the existing and proposed site conditions showing the general arrangement of elements and typical arrangement of individual structures. Provide a listing of proposed materials. Indicate density of development, relationship of site design to surrounding area, vehicle and pedestrian traffic, proposed drainage plan, and proposed phasing. Indicate existing, to remain, to be demolished, and proposed new facilities, streets, walkways, parking, and recreational areas.
- b) Recreation and Common Areas. The Offeror shall provide plans for recreation and common areas.
- c) Landscaping. The Offeror shall provide typical landscaping and grounds site plans for each housing area.
- d) Security Plan. The Offeror shall provide a security plan at 1”=200’ scale that indicates Offeror’s proposed plans for public safety to include, but not be limited to, the proposed street lighting scheme.
- e) Conservation. The Offeror shall provide a plan for conservation.
- f) Land Use Plans. The Offeror shall provide land use plans at 1”=200’ scale.
- g) Colored Sketch. The Offeror shall provide a colored sketch or rendering of typical proposed units and street characteristics from an angled, street-level view. All variations of unit style and material shall be depicted. Landscaping materials shall be depicted as they will appear at the time of occupancy. The sketch need not be framed for evaluation purposes.

#### 4.19.1.1.2 Recreational Facilities

The Offeror shall provide concept drawings for all proposed new recreation and common facilities. Include layout plans and proposed materials for those recreational features discussed in Part II, Section 3.3.

#### 4.19.1.1.3 Utility Distribution and Collection System Designs

The Offeror shall provide adequate utility distribution and collection system layouts and a description of the upgrades required to ensure the systems remain operational throughout the duration of the agreement. Drawings shall be prepared to the concept stage (approximately 15% design).

#### 4.19.1.1.4 Desired Features/Enhancements

The Offeror shall provide a list, narrative description, and/or drawing, as appropriate, of any desired features or enhancements proposed for incorporation in the project. Section 3.0 lists a number of design features described as exceeding the project requirements.

### 4.19.1.2 Subfactor 2.2: Facility Design and Construction

The Offeror shall submit drawings, specifications, and descriptions to develop and design a commercial rental housing development.

#### 4.19.1.2.1 Design of Housing Units and Other Support Facilities

The Offeror shall provide a narrative and a tabular schedule describing the total number of units by style, number of bedrooms and bathrooms, and gross square footage (excluding garage) of each unit type and divide the description into a separate group for each site. The following list provides the minimum drawings required as part of the proposal submissions. Drawings shall be prepared to the concept stage (approximately 15% design) to convey design concept and features.

- a) Typical Building Site Layout. For a typical living unit, the Offeror shall furnish yard and landscaping plans for each different building plan (with adjoining units as appropriate) at scale 1/8"=1'-0".
- b) Composite Floor Plan. The Offeror shall furnish for each unit type, at scale 1/4"=1'-0", the typical single-line floor plan of each unit type showing unit design, including the spatial relationship, circulation, functional concept, room dimensions, interior storage, and exterior storage. Also furnish a narrative describing how the proposal meets or exceeds the basic requirements.
  - Label all rooms (include individual room dimensions and areas in square feet)
  - Provide modern interior design presenting a sample furniture layout and an efficient arrangement of function, circulation, and open spaces
  - Provide equipment layout and schedule.
- c) Building Code Compliance. The Offeror shall provide specifications and/or other references to code compliance.



- d) Exterior Elevations. The Offeror shall provide, at scale 1/4"=1'-0", the following:
  - A depiction of the location of materials, roof slopes, and dimensions
  - An indication of the signage and decorative details
  - An identification of the architectural features with a high degree of modulation and variability.
- e) Interior Elevations for Kitchens and Bathrooms. The Offeror shall provide specifications for kitchen and bathroom elevations.
- f) Building Sections. The Offeror shall provide representative wall sections for new construction.
- g) Color Boards. The Offeror shall furnish exterior and interior color boards showing all proposed finishes and colors. The boards are to illustrate colors and materials proposed. Only one set of boards per proposal is required.

#### 4.19.1.2.2 Energy Efficiencies

- a) Energy Plan. The Offeror shall submit an energy plan which includes, at a minimum, the life-cycle energy cost for each proposed unit type and a projection of the monthly energy bills. Define how proposed designs meet applicable energy codes. Quantify expected energy efficiencies of proposed appliances, equipment, materials, and solar orientation of units.
- b) Calculation of Estimated Utilities Costs. The Offeror shall submit detailed calculations supporting estimated energy consumption rates by unit type.

#### 4.19.1.2.3 Quality of Materials

- a) General Description. The Offeror must complete and provide the mandatory form, Description of Materials, located under Appendix K. Provide a narrative describing the quality of materials and workmanship proposed for all finishes. For example, describe roof and wall materials; window, door, and hardware quality and safety; and patio/deck areas. List and annotate all major material items and provide catalog cut-sheets for major mechanical/electrical equipment, and appliances.
- b) Maintainability. The Offeror shall describe how materials proposed for exterior use, particularly roofs and exterior walls, provide durable, low-maintenance finishes. Describe how materials selected for interior finishes, particularly heavy use areas, provide aesthetically pleasing, durable, and low-maintenance qualities.
- c) Structural Features. The Offeror shall submit a detailed narrative and detailed drawings describing the structure of the facilities, including the type of construction, the proposed materials, the quality of materials, and the quality of workmanship of the proposed foundations, walls, and roof structures.
- d) Appliances and Equipment. The Offeror shall submit details of the design and the product manufacturer's literature and color cut-sheet on major

appliances and equipment, including without limitation, refrigerator, dishwasher, oven, stove, water heater and heating/ventilating system. Also describe low-maintenance features of proposed appliances and equipment.

#### 4.19.1.2.4 Desired Features/Enhancements

The Offeror shall provide a list, narrative description, and/or drawing as appropriate of any desired features or enhancements proposed for the project. This Solicitation lists a number of design features described as desired features that exceed the project requirements. (Refer to Section 3.0)

### 4.19.1.3 Subfactor 2.3: Construction Management Plan

Reference Section 3.0: The Offeror shall submit a detailed integrated Construction Management Plan outlining the proposed project plan that shows design and construction schedules, mobilization, demolition, inspection, surveillance and acceptance plans, project phasing transition plans, and certification of beneficial occupancy. The plan, at a minimum, shall address in detail the following items:

#### 4.19.1.3.1 Schedules

The Offeror shall provide proposed project schedules outlining all areas of the design and construction. Describe how Offeror intends to coordinate and implement design and construction schedules, including design reviews and construction conferences. Schedules shall correlate with drawings submitted under Step Two, Subfactor 2.1, Community Development Plan.

#### 4.19.1.3.2 Environmental Compliance

The Offeror shall confirm its intent to comply with all applicable federal, state, and local environmental laws and its intent to provide and adhere to hazardous waste spill, hazardous material handling, and abatement/disposal plans. The Offeror shall provide a plan for environmental protection, addressing issues including, but not limited to, storm-water run-off, spill contingencies, dust control, noise control, underground storage tanks, soil testing, hazardous material handling, and asbestos materials and lead-based paint disposal, as well as obtaining necessary permits. The Offeror shall describe features of the construction operation that will minimize construction debris and waste, and reduce landfill materials. Disposal of waste shall be in accordance with all applicable environmental rules and controls. All disposals shall be made in accordance with applicable law, and the Offeror shall procure at its sole cost and expense any licenses and permits that shall be required for any operation on the premises, including, but not limited to, storm-water runoff, waste disposal, asbestos, and the processing or handling of other hazardous materials at the site. Government approval shall be obtained for the disposal or treatment of wastes generated at the site. The Offeror shall provide a completed Environmental Considerations Checklist, as outlined in Appendix L.

#### 4.19.1.3.3 Inspections

The Offeror shall describe a proposed quality control program and its intent to abide by any permitting and all inspection requirements. The program

shall describe the Offeror's concept for inspections and its intent to abide by all requirements outlined in the Lease of Property, Appendix U.

4.19.1.3.4 **Transition Plan**

The Offeror shall describe the proposed Transition Plan. The Offeror shall detail how it intends to handle unit availability and the transition of existing and new units to minimize impact on neighborhoods and moving military families. Also detail the proposed plans on the utilities and services during the transition period and how the Offeror intends to transition utilities and services.

4.19.1.3.5 **Demolition Plan**

The Offeror shall provide a demolition plan (scale: 1"=200') showing existing facilities, streets, walkways, parking, and recreational areas to be demolished, as well as the proposed transition. Also, provide a narrative demolition plan describing the haul routes, disposal procedures, and proposed method of clearing the site of existing structures, pavements, utilities, and abatement of asbestos and lead-based paint.

## 4.20 **VOLUME V – PROPERTY MANAGEMENT**

Refer to Appendix K for the mandatory forms required for the proposal submission.

### 4.20.1 **Factor 3: Property Management (Refer to RFP Section 3.0)**

The purpose of the Property Management proposal is to demonstrate how well the Offeror will efficiently manage, maintain and operate the project for the duration of the transaction.

#### 4.20.1.1 **Subfactor 3.1: Property Operations and Management Plan**

The Offeror shall submit a proposed Property Operations and Management Plan, as described in Section 3.0 and the Lease of Property (Appendix U), to address the day-to-day operations management of the housing development. The plan shall address an on-site property management office, staffing and functions, tenant relations, interface with the MRC, and other property management requirements.

4.20.1.1.1 **Administration**

The Offeror shall provide a basic description of the proposed property management organization, including its provision for on-site management, administration, operation, and maintenance of the housing project.

4.20.1.1.2 **On-Site Office**

The Offeror shall provide concept plans for an on-site property management office.

4.20.1.1.3 **Property Management Requirements**

The Offeror shall describe its ability to provide the property management requirements identified in Section 3.0.

4.20.1.1.4 **Desired Features/Enhancements**

The Offeror shall provide a list, narrative description and/or drawing, as appropriate, of any desired features or enhancements proposed for

incorporation in the project. Section 3.0 lists a number of desirable property management features.

#### **4.20.1.2 Subfactor 3.2: Unit Occupancy Plan**

The Offeror shall provide an occupancy plan as discussed in Section 3.0 and the Lease of Property (Appendix U). The Unit Occupancy Plan shall describe project start-up procedures, tenant application and vacating procedures, rental referral assignment processes, a sample Tenant Lease, procedures for tenant preview of unit, rental collection procedures, a tenant renters insurance policy, and requirements for deposits and refunds.

#### **4.20.1.3 Subfactor 3.3: Rental Rate Management Plan**

The Offeror shall provide a Rental Rate Management Plan as discussed in Section 3.4 and the Lease of Property, Appendix U. Backup data for the plan shall include, but is not limited to, all calculations for rent and utilities for each housing unit type. Backup data shall be consistent with and correlated to Volumes II and III.

#### **4.20.1.4 Subfactor 3.4: Facilities Maintenance Plan**

The Offeror shall submit a proposed Facilities Maintenance Plan, as described in Section 3.0 and the Lease of Property (Appendix U), consistent with the codes, regulations, and standards required by Section 3.0. The Offeror shall address the following in a conceptual fashion, with examples of quality control, safety standards, and performance metrics:

- Service response (emergency, urgent, and routine)
- Preventive maintenance and repair
- Change of Occupancy Maintenance (COM)
- Infrastructure (streets and utilities) maintenance and repair
- Grounds maintenance (individual yards, common and recreational areas)
- Curb-side refuse collection and recycling
- Snow and ice removal
- Entomology and pest control
- Lockout and key services
- Safety/Security
- Personnel (property manager and on-call emergency personnel plan)
- Quality control (procedures and customer feedback).

#### **4.20.1.5 Subfactor 3.5: Capital Repair and Replacement Plan**

The Offeror shall submit a Capital Repair and Replacement Plan as described in Section 3.0, the Lease of Property (Appendix U), the Use Agreement (Appendix X), the Lockbox Agreement (Appendix Q), and consistent with all federal, state, and local codes, regulations, and standards. The Offeror must (1) address long-term major repair and replacement requirements and performance metrics; (2) define the repair or replacement schedule of all major facility and infrastructure components, as well as a

budget and funding streams to implement the plan; and (3) submit a mandatory Building Component Life and Unit Cost form (see Appendix K).

**4.20.1.6 Subfactor 3.6: Reinvestment Plan**

The Offeror shall submit a Reinvestment Plan as described in Section 3.0 (Reinvestment Plan and Reinvestment Account), the Lease of Property (Appendix U), the Use Agreement (Appendix X), and the Lockbox Agreement (Appendix Q).

## **SECTION 5.0 BASIS OF SELECTION**

### **5.1 STRATEGY**

The strategy for the Installation housing privatization initiative is to use a two-step, “Best Value” approach that encourages maximum flexibility in proposal development within the parameters set forth in this Solicitation. The Government reserves the right to down-select in Step One, to no more than five highly qualified or qualified Offerors. In order to promote an efficient competition and to avoid unnecessary expenditure of Offeror resources, the Government reserves the right, during Step Two, to remove from the competitive range any Offeror whose proposal, in the judgment of the Selection Authority, stands no reasonable chance of being selected for award. The Government further reserves the right, during Step Two of the selection process, to remove from the competitive range any Offeror with respect to whom the Selection Authority becomes aware of adverse or unfavorable past performance information of sufficient significance that, had the adverse or unfavorable information been considered during Step One: (A) the Offeror’s past performance rating in Step One would have been lower than satisfactory; or, (B) even if the Offeror would have been rated satisfactory or better, would have been lower than the past performance rating of any other Offeror not selected to continue in Step Two. The Government also reserves the right to award without discussions in Step Two.

The Government will determine the “Best Value” based on an integrated assessment of the Offeror’s proposal as evaluated against the factors/subfactors of Financial, Design and Construction, and Property Management, identified in Step Two. The Government seeks to award to the Offeror who gives the Government the greatest overall benefit in response to these requirements. This may result in an award to an Offeror that provides a higher priced but higher quality proposal.

### **5.2 EVALUATION FACTORS AND SUBFACTORS AND THEIR RELATIVE ORDER OF IMPORTANCE**

In Step One, each subfactor will be assigned a qualification rating; and Factor 4 (Past Performance) will be assigned a past performance confidence assessment rating. Each subfactor in Step Two will be assigned a color rating.

Recommendation for award will be made for the Offeror proposing the combination most advantageous to the Government based upon an integrated assessment of the evaluation factors and subfactors described below. In Step One, four factors will be used in this evaluation: Factor 1 (Business Arrangements), Factor 2 (Financial), Factor 3 (Project Concept), and Factor 4 (Past Performance). Step One factors are of equal importance as stated in Table 13 below. Those subfactors listed under their respective Factors in Step One are in descending order of importance.

In Step Two, three factors will be used in this evaluation: Factor 1 (Financial), Factor 2 (Design and Construction), and Factor 3 (Property Management). In Step Two, Factor 1 (Financial) is the most important factor and Factor 2 (Design and Construction) and Factor 3 (Property Management) are of equal importance. In Step Two those subfactors listed under Factor 1 (Financial) are of equal importance. Further, Subfactors 2.1 and 2.2 listed under Factor 2 (Design and Construction) are equal in importance, but more important than Subfactor 2.3. Subfactors 3.1 to 3.6 listed under Factor 3 (Property Management) are of equal importance.

**Table 13 – Evaluation Factors and Subfactors – Order of Importance**

<b>STEP</b>	<b>FACTORS/SUBFACTORS</b>	<b>ORDER OF IMPORTANCE</b>
<b>STEP ONE (QUALIFICATIONS SUBMITTAL)</b>	<p>VOLUME I: QUALIFICATIONS</p> <p><u>Part A: Business and Financial</u></p> <p>Factor 1: Business Arrangements</p> <p>Subfactor 1.1: Team Strength</p> <p>Subfactor 1.2: Key Personnel and Management Approach</p> <p>Factor 2: Financial</p> <p>Subfactor 2.1: Credit References</p> <p>Subfactor 2.2: Financial Statements</p> <p>Subfactor 2.3: Project Financing</p> <p><u>Part B: Project Concept</u></p> <p>Factor 3: Project Concept</p> <p>Subfactor 3.1: Project Concept</p> <p>VOLUME II: PAST PERFORMANCE</p> <p>Factor 4: Past Performance</p>	<p>Step One Factors are of equal importance.</p> <p>Subfactors within factors are in descending order of importance.</p>
<b>STEP TWO (FINANCIAL AND TECHNICAL PROPOSAL)</b>	<p>VOLUME III: FINANCIAL</p> <p>Factor 1: Financial</p> <p>Subfactor 1.1: Project Viability over the 50-year Business Arrangement</p> <p>Subfactor 1.2: Financial Strategy</p> <p>Subfactor 1.3: Government Participation In Project Financing</p> <p>Subfactor 1.4: Mechanics of Accounts</p> <p>VOLUME IV: DESIGN AND CONSTRUCTION</p> <p>Factor 2: Design and Construction</p> <p>Subfactor 2.1: Community Development Plan</p> <p>Subfactor 2.2: Facility Design and Construction</p> <p>Subfactor 2.3: Construction Management Plan</p> <p>VOLUME V: PROPERTY MANAGEMENT</p> <p>Factor 3: Property Management</p> <p>Subfactor 3.1: Property Operations and Management Plan</p> <p>Subfactor 3.2: Unit Occupancy Plan</p> <p>Subfactor 3.3: Rental Rate Management Plan</p> <p>Subfactor 3.4: Facilities Maintenance Plan</p> <p>Subfactor 3.5: Capital Repair and Replacement Plan</p> <p>Subfactor 3.6: Reinvestment Plan</p>	<p>Factor 1 is the most important factor; factors 2 and 3 are of equal importance.</p> <p>Subfactors 1.1 through 1.4 are of equal importance.</p> <p>Subfactors 2.1 and 2.2 are of equal importance, but more important than Subfactor 2.3.</p> <p>Subfactors 3.1 through 3.6 are of equal importance.</p>



### 5.3 STEP ONE QUALIFICATION RATINGS

In Step One, Factor 1 (Business Arrangements), Factor 2 (Financial) and Factor 3 (Project Concept) will be evaluated at the subfactor level and a qualification rating will be assigned at the subfactor level. Factor 4 (Past Performance) will be evaluated against the Step Two subfactors for relevance/performance and assigned a confidence assessment rating as referenced in Section 5.4. A more recent and relevant effort will have a greater impact than a less current project.

In Step One, the Offeror's Volume I (Qualifications) proposal will be evaluated against the subfactors contained within Factor 1 (Business Arrangements), Factor 2 (Financial), and Factor 3 (Project Concept) using the minimum threshold requirements set forth in the subfactors as the evaluation criteria. The ratings will be identified as highly qualified, qualified, or unqualified, as described below:

- **Highly Qualified:** the Offerors' proposal exceeds the stated minimum requirements in a way that is deemed beneficial to the Government
- **Qualified:** the Offeror's proposal meets stated minimum requirements
- **Unqualified:** the Offeror's proposal fails to meet stated minimum requirements.

### 5.4 STEP ONE PAST PERFORMANCE CONFIDENCE ASSESSMENT

Performance confidence assesses the Offeror's past work record to determine the probability of successfully accomplishing what has been proposed. The analysis will be focused on the Offeror's performance record, which will assess the degree of confidence the Government has in that Offeror to meet the requirements of the solicitation, including adherence to cost and schedule. The Past Performance evaluation is accomplished by reviewing aspects of an Offeror's relevant present and past performance, focusing on and targeting performance that is relevant to the Step Two subfactors. A more recent and relevant performance will have a greater impact on the Performance Confidence Assessment than less recent or relevant effort. The following definitions will be used when assigning relevancy to the Offeror's past and present contracts:

**Table 14 – Past Performance Relevancy Ratings**

<b>RATING</b>	<b>DEFINITION</b>
<b>Highly Relevant</b>	The magnitude of the effort and the complexities on this contract are essentially what the solicitation requires.
<b>Relevant</b>	Some dissimilarities in magnitude of the effort and/or complexities exist on this contract, but it contains most of what the solicitation requires.
<b>Somewhat Relevant</b>	Much less or dissimilar magnitude of effort and complexities exist on this contract, but it contains some of what the solicitation requires.
<b>Not Relevant</b>	Performance on this contract contains relatively no similarities to the performance required by the solicitation.

The Government will exercise due diligence to validate and expand upon the information provided by the Offeror during Step One of the evaluation. Due to its interactive nature and purpose, due diligence will be semi-structured and not rigid. This will allow the Government flexibility in performing due diligence. This means that due diligence on one Offeror may not be exactly the same as due diligence on another Offeror. However, the overall purpose and focus of due diligence will be consistent among Offerors.



The Government may physically visit up to two customer sites where the Offeror is performing the requisite services. If the Government deems necessary, these visits may include visits to customer sites of any subcontractor that the Offeror will use in performance of this lease, customer sites of any key personnel that will be involved in this lease, and if the Offeror is a combination of firms (for example, a partnership or joint venture), customer sites of any companies that make up the Offeror. Furthermore, the Government may have teleconferences with the Offeror's other customers if the team deems necessary.

The Government has the flexibility to pick any customer sites it chooses. However, it intends to select the sites based on the amount of relevancy and recency that the sites have to the requirements in this Solicitation.

During the customer site visits, the Government will interview customers and Offeror's employees working on the site, as well as survey the location and the services the Offeror is providing.

Each Offeror will receive one of the ratings described below in Step One, Factor 4 (Past Performance):

**Table 15 – Confidence Assessment Ratings**

<b>RATING</b>	<b>DEFINITION</b>
Exceptional/ High Confidence	Based on the Offeror's performance record, essentially no doubt exists that the Offeror will successfully perform the required effort.
Very Good/ Significant Confidence	Based on the Offeror's performance record, little doubt exists that the Offeror will successfully perform the required effort.
Satisfactory/ Confidence	Based on the Offeror's performance record, some doubt exists that the Offeror will successfully perform the required effort.
Marginal/Little Confidence	Based on the Offeror's performance record, substantial doubt exists that the Offeror will successfully perform the required effort. Changes to the Offeror's existing processes may be necessary to achieve contract requirements.
Unsatisfactory/ No Confidence	Based on the Offeror's performance record, extreme doubt exists that the Offeror will successfully perform the required effort.

## 5.5 STEP TWO COLOR RATINGS

The Government reserves the right to give evaluation credit for contractor proposed features which are enhancements and/or identified as desired features herein and in Section 3.0, that are in addition to the basic minimum project requirements. In addition to being included in the "Best Value" overall assessment, desired features and enhancements will be evaluated within the subfactor to which they apply and for which they have been submitted. Any proposal risk associated with the proposed approach as it relates to accomplishing the requirements of the solicitation shall be identified as a weakness within the subfactor that it applies to and will be integrated within the overall subfactor color rating assessment. Any capabilities proposed that exceed these requirements will be considered within the subfactor and factor within which it applies.

The color ratings to be used by the evaluators in rating the Step Two subfactors are:

**Table 16 – Color Ratings**

<b>COLOR</b>	<b>RATING</b>	<b>DEFINITION</b>
Blue	Exceptional	Exceeds specified minimum performance or capability requirements in a manner beneficial to the Government.
Green	Acceptable	Meets specified minimum performance or capability requirements necessary for acceptable contract performance; any weaknesses identified are correctable.
Yellow	Marginal	Does not clearly meet some specified minimum performance or capability requirements necessary for acceptable performance, but any proposal inadequacies are correctable.
Red	Unacceptable	Fails to meet specified minimum performance or capability requirements. Proposals with an unacceptable rating are not awardable.

The financial data, Volume III, must correlate with other volumes, attachments, and mandatory forms. Evaluation of financial data and information is a mandatory evaluation criterion that will be given a color rating. Its purpose is to assess how well the Offerors have structured the development financing (i.e., will the financing be credible in equity and debt markets and minimize Government commitments and risks?).

Volumes IV and V factors will be given a color rating. All technical and property management data will be evaluated at the subfactor level to determine the adequacy of proposal information as it relates to the solicitation requirements. Its purpose is to evaluate how well the construction, management, and operation of the proposed development satisfies the requirements of the solicitation.

## **5.6 PROJECT REQUIREMENTS**

### **STEP ONE**

#### **5.6.1 Factor 1: Business Arrangements**

##### **5.6.1.1 Subfactor 1.1: Team Strength**

This subfactor has been met when the Offeror's proposed organization and narrative; levels of management interaction; extent of the proposed team having worked together in the past; corporate management support of the project; and legal form of ownership successfully demonstrate the Offeror's ability to assure project success throughout the 50-year term of the project.

##### **5.6.1.2 Subfactor 1.2: Key Personnel and Management Approach**

This subfactor has been met when the Offeror demonstrates that key personnel are qualified and are effectively assigned management roles and responsibilities to assure the project is adequately and efficiently managed.

#### **5.6.2 Factor 2: Financial**

##### **5.6.2.1 Subfactor 2.1: Credit References**

This subfactor has been met when the Offeror has demonstrated a level of credit sufficient to both project completion and long-term operation and maintenance, and an ability to retire debt mortgages over \$10 million.

**5.6.2.2 Subfactor 2.2: Financial Statements**

This subfactor has been met when the Government has determined that the Offeror is financially sound. The Government shall make this determination by utilizing the required financial statements, as well as commercially acceptable financial analytical techniques, including, but not limited to, the Altman ZScore. In addition, the Government must determine that any adverse information, such as litigation, disputes, claims, etc., has been resolved, or it will not negatively impact this project.

**5.6.2.3 Subfactor 2.3: Project Financing**

This subfactor has been met when the Offeror has demonstrated its ability to make its equity contribution and provide construction and permanent financing for the project.

**5.6.3 Factor 3: Project Concept**

This requirement has been met when the Offeror demonstrates that it has devised a credible project concept which addresses the project unit and site amenities; an acceptable comprehensive transition plan; how security and environmental project requirements are adequately met; and clearly articulates the proposed project management methodology.

**5.6.4 Factor 4: Past Performance**

The purpose of the Past Performance evaluation is to assess the degree of confidence the Government will have in an Offeror's ability to provide services that meet users' needs. The Past Performance evaluation will assess how relevant the Offeror's contracts/projects on previous efforts of similar size and scope to this acquisition have been rated by their customers, to include adherence to cost, quality, and schedule, business relationship, and customer satisfaction. The Past Performance evaluation will be assessed against the Step Two factors and subfactors for relevance and performance, as follows:

**Factor 1: Financial**

Subfactor 1.1: Project Viability over the 50-Year Business Arrangement

Subfactor 1.2: Financial Strategy

Subfactor 1.3: Government Participation in Project Financing

Subfactor 1.4: Mechanics of Accounts

**Factor 2: Design and Construction**

Subfactor 2.1: Community Development Plan

Subfactor 2.2: Facility Design and Construction

Subfactor 2.3: Construction Management Plan

**Factor 3: Property Management**

Subfactor 3.1: Property Operations and Management Plan

Subfactor 3.2: Unit Occupancy Plan

Subfactor 3.3: Rental Rate Management Plan

Subfactor 3.4: Facilities Maintenance Plan

Subfactor 3.5: Capital Repair and Replacement Plan

**Subfactor 3.6: Reinvestment Plan.****STEP TWO****5.6.5 Factor 1: Financial****5.6.5.1 Subfactor 1.1: Project Viability Over the 50-Year Business Arrangement**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

- The financial data and the underlying assumptions support the proposed project in a clear and concise manner
- At least 50% of the net proceeds from the sale or refinancing of the project are provided to the Government, and are clearly and accurately described. Additional evaluation credit may be awarded to proposals that provide greater than 50% of the sale or refinancing proceeds
- The Capital Repair and Replacement Plan financing is clearly described, meets the project requirements, and will create a source of funds for the project over the term of the lease
- The Reinvestment Plan financing is clearly described, meets the project requirements, and will create a source of funds for the project over the term of the lease. Additional evaluation credit may be awarded to proposals that provide greater than 50% of the net cash flow to be paid to the reinvestment account or to the Government.

**5.6.5.2 Subfactor 1.2: Financial Strategy**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

- The information submitted by the Offeror and respective lender(s) clearly demonstrates the ability of the Offeror to deliver a complete financing package; the repayment schedule of the commercial loan (if used in conjunction with a Government Direct Loan) is a fixed-level payment for the term of the loan; and the financing meets the terms and conditions outlined in the solicitation, the associated documents, and the Offeror's proposal and the Government Direct Loan does not finance credit support (e.g., credit enhancement fees, bond insurance, debt service reserve funds, etc.)
- The information submitted by the Offeror and their respective lender(s) fully discloses any conditions or contingencies that must be satisfied
- The information provided shows that the debt service coverage ratio for the first mortgage loan is always greater than 1.20, and the combined debt service coverage ratio is always greater than 1.05. Proposals that document maximum utilization of private sector financing, including funding, interest rates and fees, may be more favorably received
- It will mitigate the risk of short-term interest rate fluctuations until such time as the Offeror locks its interest rate

- It has an initial cash equity contribution of at least 5% of the total project costs; the Offeror commits its initial equity prior to any commitment of Government funds; and the Offeror clearly defines the nature and timing of equity contributions and disbursements
- Fees are reasonable when compared to industry standards. When viewed in their entirety, the fees do not create an excessive burden on the project
- The Guaranteed Lender Eligibility Form, if applicable, and Borrowers Application are complete.

#### 5.6.5.3 Subfactor 1.3: Government Participation in Project Financing

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

- The terms of the required Government Direct Loan preclude any interest deferral and any principal deferral is not more than ten years maximum; the Government Direct Loan is smaller in initial outstanding balance than the permanent first mortgage; and any proposed modifications do not materially affect the Government Direct Loan documents. Additional evaluation credit may be awarded to a proposal that does not request a Government Direct Loan. If a Government Direct Loan is required, then additional evaluation credit may be awarded to a proposal that includes a zero OMB score for the Government Direct Loan. If an OMB score must be associated with the Government Direct Loan, then additional evaluation credit may be awarded to the proposal that contains the lowest possible OMB score
- The amount of the Government Loan Guarantee required shall not be more than 80% of the value of the project as determined by the Government, and any proposed modifications shall not materially affect the Government Loan Guarantee. Additional evaluation credit may be awarded to proposals that do not include a Government loan guaranty. If a Government loan guaranty must be included within the proposal, then additional evaluation credit may be awarded to proposals which require substantially less than a 100% guaranty
- Any proposed exceptions or modifications to the Lease of Property, Operating Agreement, and Quitclaim Deed or Bill of Sale are favorable to the Government
- An adequate risk mitigation plan of Government resources is included
- The Scored Amount in the Offeror's proposal has been kept to the least amount required for the project.

#### 5.6.5.4 Subfactor 1.4: Mechanics of Accounts

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

- The Lockbox Accounts have been established in the required priority of funds and the annual budgetary requirements included in the accounts are agreeable to the Government
- The Replacement Reserve Account contains an acceptable initial dollar amount per unit and the Utility Reserve Account is adequately funded

- The provided financial statements are consistent with each other and the proposal in general (e.g., yearly withdrawals from the Replacement Reserve Account is adequately funded for the work proposed).

## **5.6.6 Factor 2: Design and Construction**

### **5.6.6.1 Subfactor 2.1: Community Development Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated that:

The site development plan incorporates excellence in community development features, including, but not limited to, recreation facilities, landscaping, arrangement of individual structures that facilitate vehicular and pedestrian traffic; and creation of a desirable community where the residents will feel safe and secure. The Offeror may receive additional evaluation credit for outstanding community designs that exceed project requirements through incorporation of desired features and/or Offeror-proposed enhancements.

### **5.6.6.2 Subfactor 2.2: Facility Design and Construction**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

A technical solution that has the proper consideration for quality of life features and easy maintainability. The floor plans reflect concepts of modern open space planning in the living area, with good functional relationships and visual definition. The exteriors demonstrate architectural compatibility of proposed materials and colors. The energy plan minimizes life-cycle energy costs. The Offeror may receive additional evaluation credit for outstanding unit designs that exceed project requirements through incorporation of desired features and/or other Offeror-proposed enhancements.

### **5.6.6.3 Subfactor 2.3: Construction Management Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

An effective, quality management plan which addresses scheduling, transition, demolition, environmental compliance, inspections, job-site safety, and permits. The plan shall minimize tenant moves and disruptions. The Offeror may receive additional evaluation credit for an outstanding construction management plan that exceeds project requirements through incorporation of Offeror's proposed enhancements and/or provides a construction period that is significantly less than or significantly improves the required construction development period.

## **5.6.7 Factor 3: Property Management**

The Offeror's ability to provide the organization to satisfactorily operate and maintain the proposed real property development will be evaluated. This factor will be evaluated primarily on the basis of separate conceptual plans addressing major aspects of development operations and maintenance.

### **5.6.7.1 Subfactor 3.1: Property Operations and Management Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

A clear and concise plan for organization and management of both routine operations and facilities maintenance; including the on-site operations/management and maintenance support facility.

**5.6.7.2 Subfactor 3.2: Unit Occupancy Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

The existence of a clear and concise Unit Occupancy Plan, including but not limited to; tenant lease provisions, a tenant renters insurance policy, an assignment process, and requirements for deposits and refunds processes.

**5.6.7.3 Subfactor 3.3: Rental Rate Management Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

A clear and concise Rental Rate Management Plan.

**5.6.7.4 Subfactor 3.4: Facilities Maintenance Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

A clear and concise plan for addressing all aspects of facilities maintenance and providing for adequate resourcing for this activity.

**5.6.7.5 Subfactor 3.5: Capital Repair and Replacement Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

A clear and concise plan for repair and replacement of capital assets to ensure long-term facility maintenance needs are met and the quality maintained throughout the duration of the agreement, as well as the proper use of capital reserves to assure sustainable quality in the housing development.

**5.6.7.6 Subfactor 3.6: Reinvestment Plan**

This subfactor has been met when the Offeror meets the project requirements set forth in Section 3.0 and has demonstrated:

A clear and concise plan for the proper uses of the Reinvestment Account and demonstrates that the requirements of this Solicitation for quality-of-life improvements can be achieved.



## SECTION 6.0 REFERENCE SOURCES AND POINTS OF CONTACT

### 6.1 DOCUMENTATION

Documents relevant to this project are available for downloading at **PSCwebsite**. In addition, certain documents (some in electronic format, others as printouts only) are available for purchase from **PSCname** at **PSCaddress**, **PSCcity**, **PSCphone**, **PSCemail**.

Prospective offerors are also encouraged to visit the AFCEE Privatization Web page for additional information at <http://www.afcee.brooks.af.mil>.

### 6.2 CLARIFICATIONS

If further clarification is needed after accessing the information source above, contact the following individual(s):

**Table 17 – Contact(s) for Clarifications**

OFFICE	NAME	ADDRESS	PHONE, EMAIL
<b>PSCname</b>	<b>PSCcontact</b>	<b>PSCaddress</b> <b>PSCcity</b>	<b>PSCphone</b> <b>PSCemail</b>

### 6.3 CITY POINTS OF CONTACT

City points of contact can be found on the following:

**Table 18 – Contact(s) for Project Information**

OFFICE	NAME	ADDRESS	PHONE, EMAIL
<b>PS Cname</b>	<b>PSCcontact</b>	<b>PSCaddress</b> <b>PSCcity</b>	<b>PSCphone</b> <b>PSCemail</b>

All Offerors are encouraged to contact the appropriate local planning agencies in Table 18 during the planning, development, construction, and management of the development.